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ABSTRACT

Because of low educational levels, a disproportionately high unemployment rate, and low earnings, Hispanics hold a precarious position in the labor market. The low level of educational attainment in the Hispanic community is the single most important determinant in lack of success. Hispanic men are underrepresented in managerial/professional occupations and overrepresented in categories of operators/fabricators and laborers. In addition to low earnings, unemployment and underemployment remain chronic problems among Hispanics, causing poverty to remain a serious problem. Unemployment has been and will continue to be a key item on the nation's public policy agenda for coming years. Policies of the Federal government which address the educational and employment crisis faced by Hispanics are examined in this document, especially the Comprehensive Employment and Training Act and the Job Training Partnership Act. Employment and training policies must address hard-core structural unemployment, the unemployment level which never disappears despite progress made during an economic recovery. To enable Hispanics and other minority groups to make their full contribution in the future and ensure a trained work force which can meet the future demands of the U.S. economy, human investment partnerships must develop to include public, private, and community sectors. Tables and bar graphs are included. Bibliographic citations are provided in 27 endnotes and in a list of 10 additional employment and training resources. (LHW)

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HISPANICS IN THE WORK FORCE, PART I

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The National Council of La Raza, one of the largest national Hispanic organizations, exists to improve life opportunities for more than 20 million Americans of Hispanic descent. In addition to its Washington, D.C. headquarters, the Council maintains field offices in Los Angeles, Phoenix and Edinburg, Texas. The Council has four missions: applied research, policy analysis, and advocacy on behalf of all Hispanic Americans; technical assistance and capacity-building support to Hispanic community-based organizations, Hispanic entrepreneurs, and elected and appointed officials in communities with large Hispanic populations; public information activities designed to inform Hispanic communities and the broader American public about Hispanic status, needs, and concerns; and special catalytic projects to meet identified Hispanic needs. La Raza's primary constituency consists of more than 80 affiliated Hispanic community-based organizations, located in more 19 states and the District of Columbia.

"Hispanics In the Work Force, Part I" is the first in a three-part series. Also available from the National Council of La Raza are: "Hispanics in the Work Force, Part II: Hispanic Women," and "Hispanics in the Work Force, Part III: Hispanic Youth."

EXECUTIVE SUMMARY

The March 1985 Current Population Survey (CPS) estimated the Hispanic population in the United States at 16.9 million, or 7.2% of the total population. The CPS estimated that there were 7.5 million Hispanics in the labor force, accounting for 6.7% of the total U.S. labor force. By 1995 that percentage is projected to increase to 8-10%. However, because of low educational levels, a disproportionately high unemployment rate, and low earnings, Hispanics hold a precarious position in the labor market.

Educational attainment affects an individual's labor market status. The low level of educational attainment in the Hispanic community has been the single most important determinant in a lack of success in the labor market. The proportion of high school graduates among Hispanics is far below that of non-Hispanics. The percent completion of four years of high school or more is 47.9% for Hispanics, versus 73.9% for the total population. Additionally, a 1979 Census Bureau study showed that 35% of Hispanics 18-21 years old had dropped out of high school, compared with 25% of Blacks and 15% of Whites.

While the labor force participation rate (which measures the percentage of the population employed or actively seeking employment) for Hispanic males is similar to or greater than that of White males, Hispanic men are strikingly underrepresented in managerial/professional occupations and seriously over-represented in the occupational categories of operators/fabricators and laborers. The latter is especially true for Hispanic women who, in contrast to Hispanic men, have the lowest labor force participation rates and employment-population ratios of any major population group.

The inequities in occupational distribution translate into the lowest wages in the labor market for the Hispanic work force. Several factors contribute to the low earning levels for Hispanics, most significantly educational attainment, or lack thereof. Discrimination also has been found to be a significant determinant in wages earned by Hispanic workers. In addition to low earnings, unemployment and underemployment remain chronic problems in the Hispanic community. Double-digit unemployment has been a reality for Hispanics at the national and state levels during both good and bad economic times.

Largely as a result of high unemployment and underemployment, poverty remains serious problem in the Hispanic community. In 1985, the poverty rate reached 29%, the highest rate ever recorded for Hispanics except for 1982, when it reached 29.9%. Accompanying the increase in poverty was a decline in incomes for Hispanic families in 1985. When examined on a per-capita basis, Hispanic income fell below that of Blacks in 1985.

The problem of unemployment has been and will continue to be a key item on the nation's public policy agenda for years to come. The current primary employment and training legislation is the Job Training Partnership Act (JTPA). JTPA deviates significantly from previous employment and training legislation in its emphasis on private-sector involvement and performance standards. While JTPA received high marks during its initial implementation for achieving high job placement rates for participants at low costs and strengthening private-sector involvement, many concerns are apparent. For example, one effect of the emphasis on performance standards has been "creaming" -- the tendency of contractors to serve those who are most job ready and thus least in need of services. Another result has been the delivery of very short-term, inexpensive services, as opposed to longer-

term job training. Short-term, low-cost programs may be adequate for those individuals who are most job-ready, but they do not address the needs of the hard-to-employ, including many Hispanics, who lack basic educational and job-related skills.

JTPA has also been criticized for the elimination of training stipends and severe curtailing of support services for program participants. Without these, many Hispanics and other disadvantaged persons cannot afford to participate in JTPA training.

Hispanics constitute a large pool of potentially productive workers. Projections by the Census Bureau indicate that by 1992 there will be only three workers paying into the Social Security system for each retiree, compared to 17 in 1952; and one of the three workers will be a member of a minority group. With the high growth rate of the Hispanic community, Hispanics will form a sizeable proportion of the U.S. labor force of the future. However, educational and job-skill deficiencies of Hispanics pose especially intractable problems, suggesting that hard-core Hispanic unemployment and poverty will endure into the future, unless steps are taken now to prevent this.

Responsive policies from the federal government, policies which recognize and effectively address the educational and employment crisis faced by Hispanics, are crucial if Hispanics are to be productive workers. Federal employment and training policies must also address hard-core structural unemployment -- that employment level which never disappears despite progress made during an economic recovery. To enable Hispanics and other minority groups to make their full contribution in the future -- and to ensure a trained work force which can meet the future demands of the U.S. economy -- human investment partnerships must develop which include public, private, and community sectors. This investment should be made now in order to reap societal benefits and protect the nation's economic security in the next century.

HISPANICS IN THE WORK FORCE, PART I

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I. INTRODUCTION

Data on the nation's work force are essential to serve the needs of business, labor, Congress, state and local governments, universities, and the general public. These data have a wide variety of purposes, including research, planning and economic forecasting. Labor market data are an important indicator of the nation's economic health, and of the economic status of various population groups and specific geographic areas. These data are used to formulate policies for remedying the nation's economic problems.

Data on the labor market status of Hispanics were not collected regularly by the federal government until 1973. Moreover, from the time they were first published by the Department of Labor until 1977, labor market data on Hispanics were far less comprehensive than the data for the population as a whole or Whites and Blacks. This statistical constraint has made it difficult to provide a historical assessment of the patterns and trends of Hispanics in the work force. An accurate and comprehensive analysis is possible only for the past nine years. This analysis reveals that, as reflected by low educational levels, a disproportionately high unemployment rate, and low earnings, Hispanics hold a precarious position in the labor market.

This paper examines the available data on the status of Hispanics in the work force. Data on youthfulness, fertility rates, education, poverty, labor force participation rates, unemployment, earnings, and occupational distribution are examined and compared with comparable data on Whites and Blacks. Since jobs are a primary concern for Hispanics, the effectiveness of federal employment and training policies is discussed, and the types of services received by Hispanics are analyzed. Finally, policy implications and recommendations are provided for the purpose of developing policies which are responsive to the specific needs of the Hispanic community. Two additional papers deal in more detail with data on two special Hispanic subgroups: women (part II) and youth (part III).

II. DEMOGRAPHICS

A. Youth

The March 1985 Current Population Survey (CPS) estimated the Hispanic population in the mainland United States at 16.9 million, or 7.2% of the total population. The Hispanic population includes the following major subgroups: Mexican Americans, who constitute 60.6% of the Hispanic population; Puerto Ricans, 15.1%; Central and South Americans, 10.2%; Cubans, 6.1%; and other Hispanics, 8.0%. These figures reflect a 16% increase in the Hispanic population between 1980 and 1985, compared to a 3.3% increase for the overall population. The March 1985 CPS also found that Hispanics are the youngest major population group, with a median age of 25.0 years, compared to 31.4 years for the overall population. Median age differences exist among the major Hispanic subgroups: Mexican-Americans are the youngest at 23.3 years, compared to 24.3 years for Puerto Ricans, 27.1 years for Central and South Americans, and 39.1 years for Cubans.

B. Fertility Rates

The fertility rate for the United States in the 12-month period ending in June 1984 was an estimated 65.8 births per 1,000 women 18 to 44 years old. This represents the lowest rate recorded so far this decade, down from 71.7 births per 1,000 women in 1980. The trend of declining fertility rates is also manifested among Hispanic women, but they still have significantly higher fertility rates than White or Black women. The following chart compares the fertility rates among women.

FERTILITY RATES: WOMEN 18-44 YEARS OLD
(Births per 1,000 Women)

	1980	1984
All U.S. Women	71.7	65.8
White Women	68.5	64.6
Black Women	84.0	72.2
Hispanic Women	106.5	86.1

SOURCE: Fertility of American Women: June 1984, Bureau of the Census, Population Characteristics, Series P-20, No. 401.

Approximately 9% of all births in June 1984 were to Hispanic women. The high Hispanic fertility rate, though decreasing, is still well above "replacement" levels, guaranteeing large cohorts of children for years to come. This high fertility rate stems partly from the higher proportion of Hispanic women of child-bearing age. In 1983, 46.7% of Hispanic women were between the ages of 20 and 34, as compared to 36.5% of all U.S. women.

C. Education

1. Educational Attainment

Education either negatively or positively affects an individual's labor market status. Thus, any analysis of the labor market success of a particular population group inevitably begins with the group's educational attainment rates.

The March 1985 CPS found that Hispanics 25 years old and over have a lower educational attainment level than non-Hispanics. The following chart shows that the median number of school years completed for Hispanics is low compared to that of the total population. However, differences exist among Hispanic subgroups; Mexican Americans have the lowest educational attainment.

MEDIAN SCHOOL YEARS COMPLETED
(25 years and over)

Total U.S. Population	12.6
Total Hispanic Population	11.5
Mexican American	10.2
Puerto Rican	11.2
Cuban	12.0
Central/South American	12.4

he proportion of high school graduates among Hispanics is far below that for non-Hispanics. The following chart shows that the level of high school completion varies significantly among the several Hispanic subgroups, with Mexican Americans registering the lowest high school completion rate and Central and South Americans the highest.

PERCENT COMPLETION OF FOUR YEARS OF HIGH SCHOOL OR MORE
(25 years and over)

Total U.S. Population	73.9%
Total Hispanic Population	47.9
Mexican American	41.9
Puerto Rican	46.3
Cuban	51.1
Central/South American	62.6

SOURCE: Current Population Survey, March 1985

Similarly, the proportion of college graduates among Hispanics is significantly lower than for non-Hispanics. The following chart shows that, among Hispanic groups, the Mexican-American population has the lowest percentage of college graduates and the Central and South American population has the highest. Census data also suggest that the situation is not improving; only 5.3% of Hispanics aged 22-29 were college graduates in 1984, compared to 9.1% of Blacks and 19% of Whites.

PERCENT COMPLETION OF FOUR YEARS OF COLLEGE OR MORE
(25 years and over)

Total U.S. Population	19.4%
Total Hispanic Population	8.5
Mexican American	5.5
Puerto Rican	7.0
Cuban	13.7
Central/South American	15.5

SOURCE: Current Population Survey, March 1985

2. Dropout Rates

A disproportionately high percentage of Hispanic youth leave high school without a diploma. Data from a 1979 Census Bureau study showed that 35% of Hispanics 18-21 years old had dropped out of high school as compared with 25% of Blacks and 15% of Whites. In 1983, only 50.3% of Hispanic 18-19 year-olds had graduated from high school compared to 75.6% of Whites and 59.1% of Blacks.1

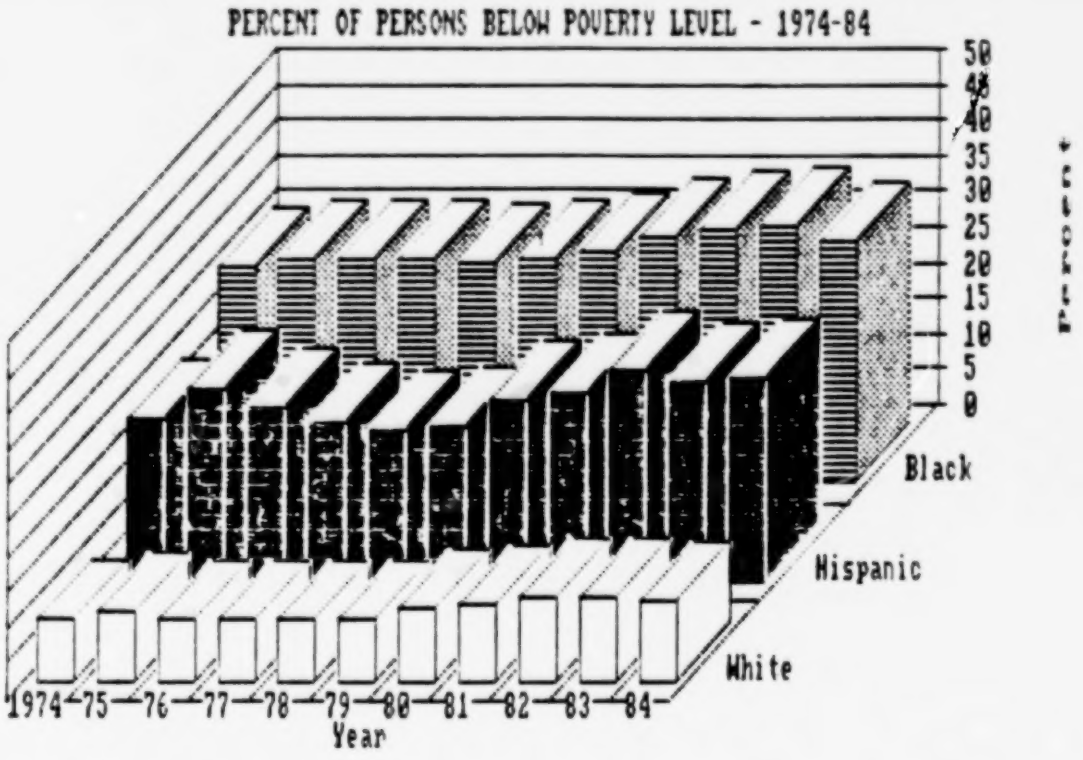
For certain groups of Hispanics, such as women, dropout rates are even higher. Hispanic females have been more likely to drop out of school than Hispanic males, and more likely than other groups of women to be high school dropouts. Census data from 1980 showed that by age 17, 20.9% of Hispanic females had left high school without a diploma. In 1979, of Hispanic women aged 16-24, 34.2% were high school dropouts as compared to 31.5% of Hispanic males, 12.8% of White females, and 20.0% of Black females. By 1984, however, Census data showed

that 62.4% of Hispanic women 18-24 had completed high school, compared to 57.4% of Hispanic men. However, Hispanic women were less likely to be college graduates. 2

D. Poverty

In 1984, 14.4% of all persons in the U.S. were below the poverty level; 11.5% of Whites, 28.4% of Hispanics, and 33.8% of Blacks were poor. Data from the Census Bureau's Current Population Reports trace the percentage of persons below the poverty level, by racial and ethnic background, as follows:

FIGURE 1



SOURCE: Statistical Abstract of the United States, Bureau of the Census, 1986

The above figure shows that between 1974 and 1984, Hispanics experienced a 23% increase in the proportion of persons below the poverty level. This was nearly double the 12% increase in Black poverty but less than the 34% increase in White poverty. Throughout the decade, Hispanics had a poverty rate at least two and one half times the White rate; Hispanic poverty levels ranged from about 70% to more than 80% of the Black rate.

The March 1985 Current Population Report found that one-fourth of Hispanic families were below the poverty level. Stark differences, however, were found among the Hispanic subgroups, as the following chart indicates; Puerto Rican families were far more likely to be poor than other Hispanic families, while Cuban families were less likely to be poor.

PERCENT OF FAMILIES BELOW
THE POVERTY LEVEL, BY HISPANIC SUBGROUP

All Hispanics	25%
Mexican American	24
Puerto Rican	42
Cuban	13
Central and South American	24

A key variable affecting the incidence of poverty in a given subpopulation is the proportion of families headed by women. Minority families with female heads of household are especially vulnerable to poverty. In 1984, about 810,000 Hispanic-origin families (23%) were maintained by women, compared to 16% of all U.S. families. More than half (54%) of these families had incomes in 1983 which placed them below the poverty level, compared with 36% of all families maintained by women. The March 1985 Current Population Report found a varying incidence of families headed by women among the Hispanic subgroups; the rate for Cubans was the same as for the total U.S. population, while the rate for Puerto Ricans was nearly three times as high.

PERCENT OF FAMILIES
MAINTAINED BY WOMEN

Total U.S. Population	16.0%
Total Hispanic	23.0
Mexican American	18.6
Puerto Rican	44.0
Cuban	16.0
Central and South American	21.9

The poverty experienced by Hispanic families maintained by women has had a severe impact on children. In 1984, 71.0% of Hispanic children in female-headed families were poor, compared to 66.1% of Black children and 39.7% of White children in female-headed households.3 Due to a lesser number of hours worked and lower wage rates than their male counterparts, households headed by Hispanic females reported the lowest median incomes of all female-headed families.

MEDIAN INCOME BY TYPE OF
HOUSEHOLD HEAD
(1983)

	ALL HOUSEHOLDS	HOUSEHOLDS HEADED BY FEMALES
Total U.S. Population	$20,885	$12,239
White	21,902	14,353
Black	12,429	8,190
Hispanic	15,906	8,005

SOURCE: Statistical Abstract of the United States,
Bureau of the Census, 1986

E. Conclusion

A very low median age, high fertility rates, low levels of educational attainment and large percentage of families in poverty characterize a significant portion of the Hispanic population. These factors contribute to a population group's success, or lack thereof, in the labor market. The following section examines the labor market status of the Hispanic population, comparing Whites and Blacks as well as the various Hispanic subgroups.

III. LABOR MARKET STATUS

A. Labor Force Participation

1. Labor Force Participation Rates

The March 1985 Current Population Survey estimated that there were 7.5 million Hispanics in the labor force. Hispanics presently account for 6.7% of the labor force and are projected to account for 8-10% by 1995. The growth rate of the Hispanic community, like other minority groups, assures that the nation's labor market supply will increasingly be composed of minority workers. Thus, economic planning requires that variables which measure a group's success in the labor market be analyzed to discern patterns in employment levels, occupational trends, and earning levels.

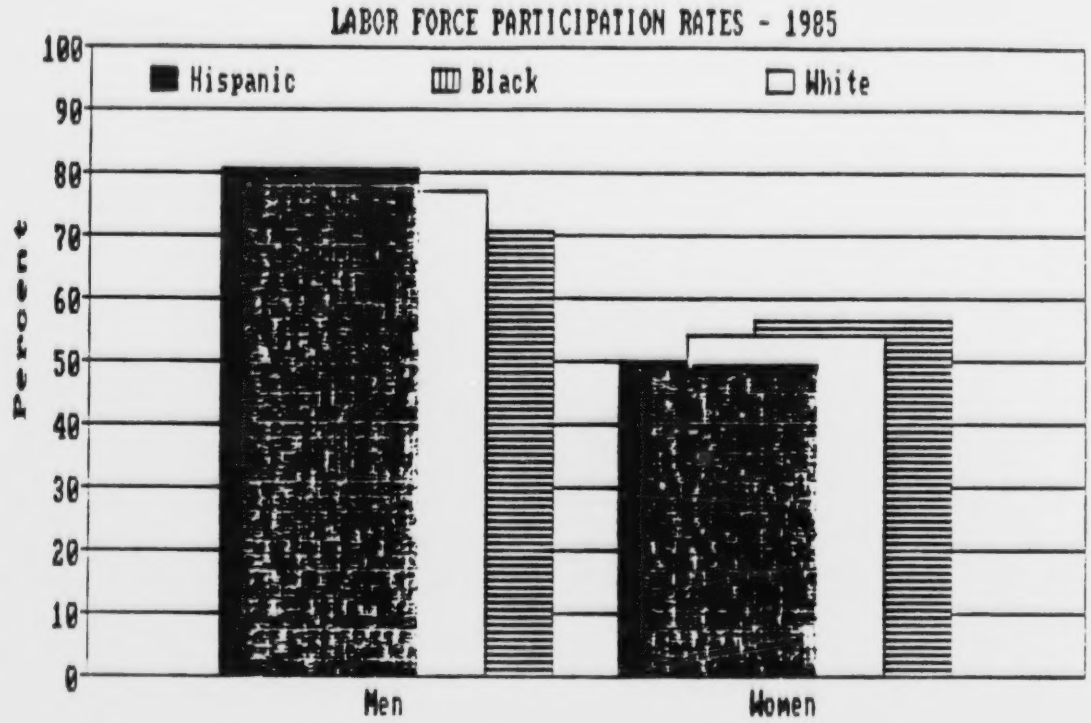
The labor force participation rate measures the percent of those persons age 16 and over who are either employed or actively seeking employment. The labor force participation rate for Hispanics is very similar to that of Whites. In 1985, the labor force participation rate for the overall population was 64.8%, compared to 65.0% for Whites, 62.9% for Blacks, and 64.6% for Hispanics. Figure 2, attached, shows stark differences lie among the Hispanic subgroups, between men and women overall, and between men and women of different racial and ethnic subgroups.

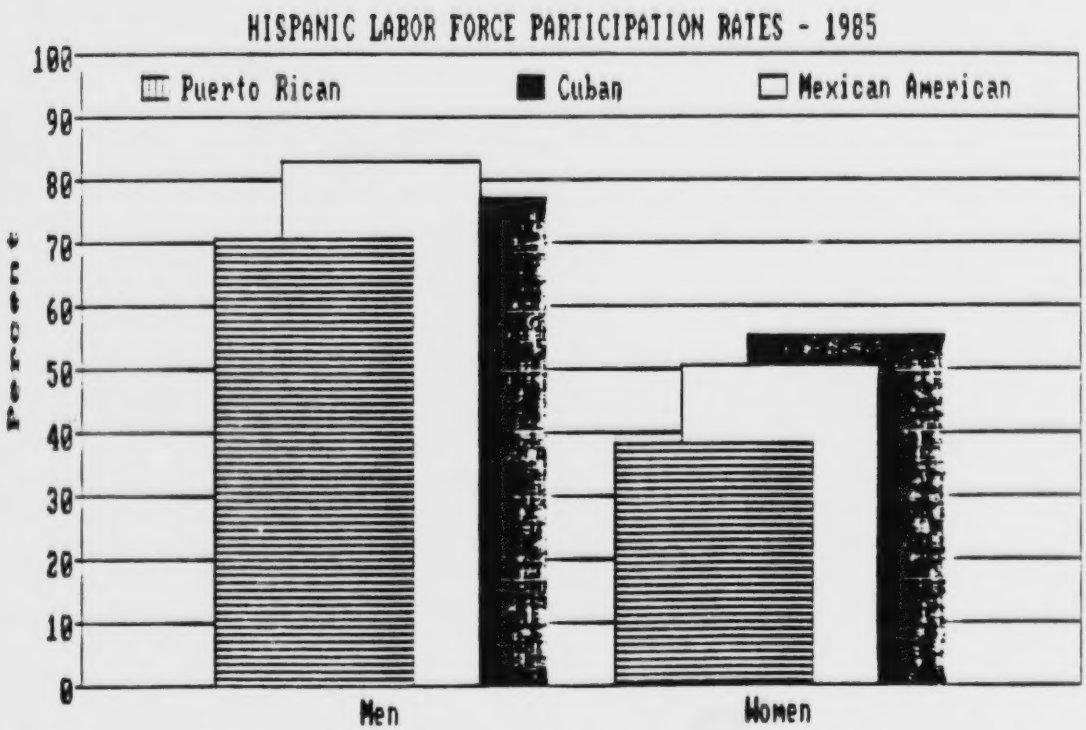
As the figure shows, Hispanic men have higher labor force participation rates than White or Black men. Age distribution, however, affects the labor force participation rate. Hispanic men are younger than non-Hispanics, and are more likely to leave school early and join the labor force. Young adult men tend to have higher labor force participation rates than older men, and this has the effect of boosting the participation rate for adult Hispanic men. 4

The extraordinary increase in women's labor force activity has been a distinct pattern of the 1970s. This momentum continued unabated until late 1979 when the nation's economy began to slow down. An average of well over a million women a year were added to the work force during the 1970s, except for the 1970-71 period. A record number of nearly two million women entered or re-entered the labor force in 1978 alone. Women accounted for over 38% of the labor force in 1970, but more than 43% by 1981. As Figure 2 shows, Hispanic women have lower labor force participation rates than White or Black women, but their rates are increasing.

Hispanic subgroup data indicate large differences in labor force participation for both men and women. Mexican American men have the highest labor force participation rate among Hispanic men and Puerto Rican the lowest. However, Cuban women have the highest rates among Hispanic women; they are more likely to be in the labor force than White women and almost as likely as Black women. Puerto Rican women

FIGURE 2





SOURCE: Bureau of Labor Statistics, Handbook of Labor Statistics, June 1985

have much lower participation rates than other Hispanic women; about half of all Hispanic women are in the labor force, compared to fewer than two in five Puerto Rican women.

2. Employment-to-Population Ratios

A more accurate measure of the employment status of population groups is the employment-population ratio. This variable measures the percentage of the population that is employed, and over time shows the stability of this employment. The employment-population ratio is vulnerable to changes in levels of employment and population growth. Employment levels must keep pace with a growing population base if the employment-population ratio is to remain stable.

This ratio is key in measuring the employment level of the growing Hispanic population. When the increase in numbers of employed Hispanics is less rapid than the pace of their population growth, then their employment-population ratio declines. Figure 3, attached, illustrates the employment-population ratios for major population groups. The overall decline in the ratio during 1982 and 1983 reflects the joblesssness experienced by all groups during the recession of 1982-83.

When employment-population ratios are used, differences in employment status along racial and ethnic lines become clearer. Black men experience the lowest levels of employment, whereas White and Hispanic men have approximately the same employment-population ratio, 72%. The higher Hispanic male labor force participation rate disappears when the employment-population ratio is used. A review of the employment-population ratios of women also reveals some sharp differences from labor force participation rates. Whereas Black women have the highest labor force participation rate, White women have the highest employment-population ratio (50.7%), followed by Black women with 48.1%. Hispanic women remain at the bottom using both of these measures.

The subgroup data again show considerable variation in employment-to-population ratios. All Hispanic subgroups have employment-to-population ratios lower than their labor force participation rates, but this decrease is smallest for Cubans and greatest for Puerto Ricans.

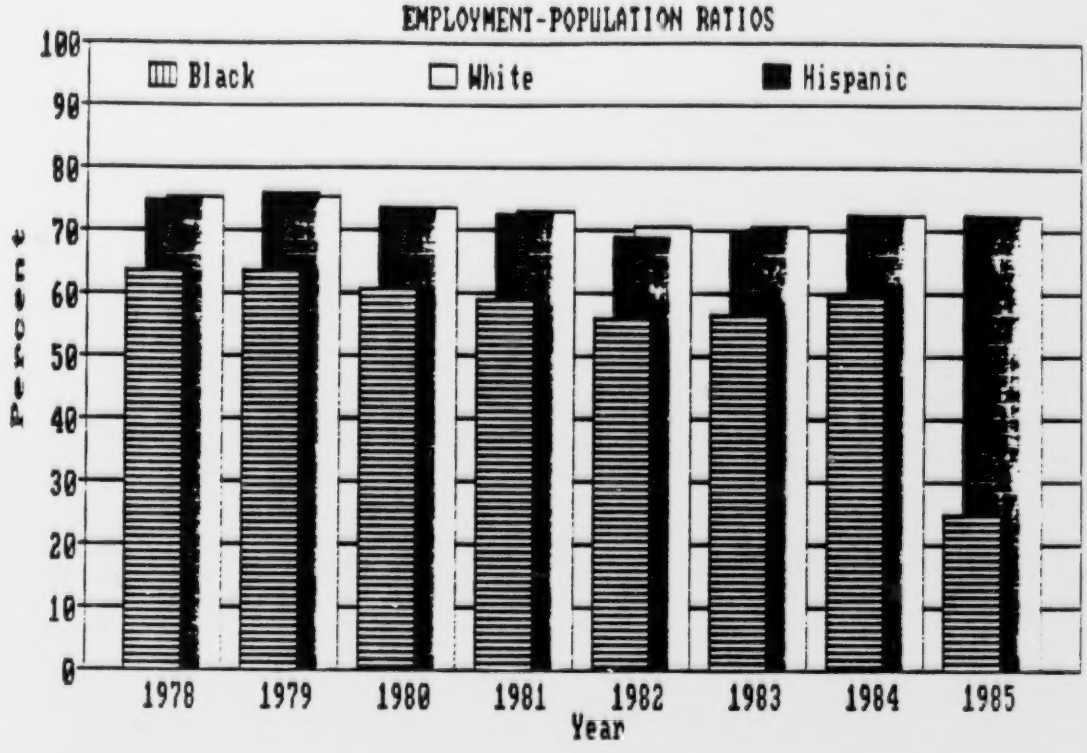
B. Employment Patterns

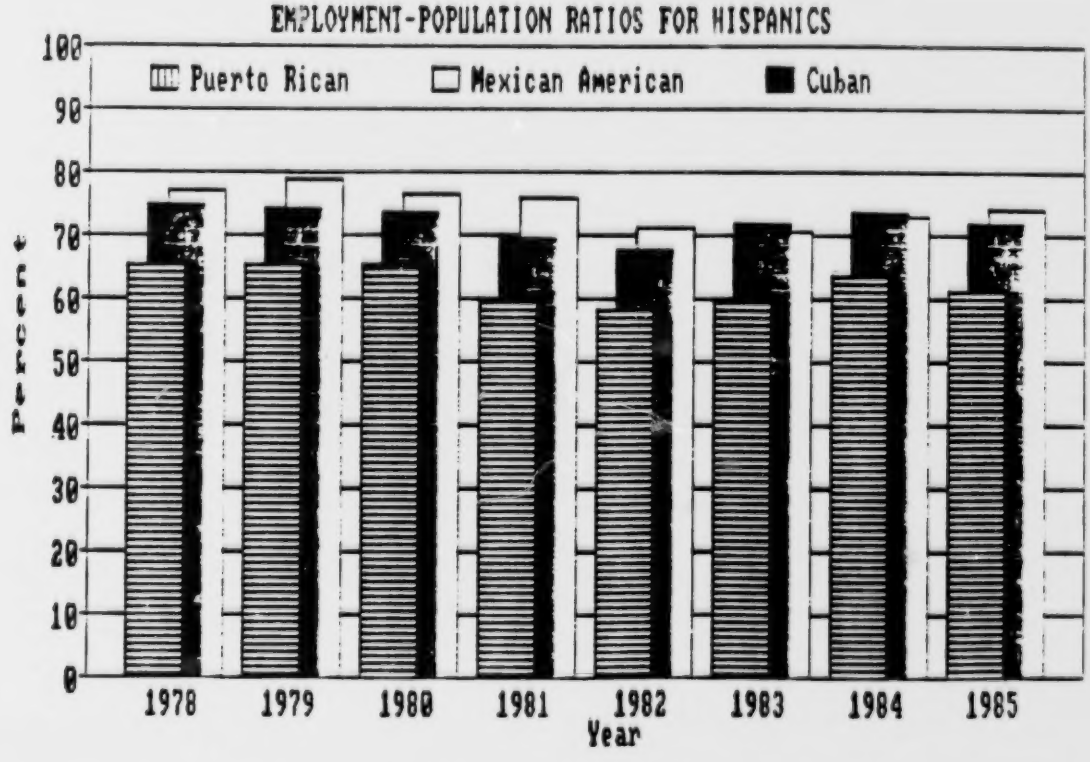
1. Occupational Distribution

There were 6.7 million employed civilian workers of Hispanic origin in 1985. Regardless of ethnicity, employed Hispanics are concentrated in occupations that are low paid, low skilled, and experience high rates of unemployment. Figure 4, attached, shows the occupational distribution of the Hispanic work force during 1983-85. The table shows that the Hispanic work force is strikingly underrepresented in managerial/professional occupations; only 11.8 % of Hispanics, compared to 14.1% of Blacks and 24.3% of Whites, hold such jobs. On the other hand, Hispanics are overrepresented in the occupational category of operators, fabricators, and laborers; about one-fourth of Hispanics, almost one-fourth of Blacks, but less than one-sixth of Whites hold such jobs. Most Hispanics in this occupational category are employed as machine operators and assemblers. As shown in Figure 4, Hispanics are also overrepresented in farming and related occupations. Hispanics are somewhat overrepresented in service occupations, but to a lesser extent than Blacks.

Hispanic women are especially concentrated in the lowest-paid jobs. Although the large percentage of Hispanic women employed in clerical positions -- 32% -- is

FIGURE 3





SOURCE: Bureau of Labor Statistics, Handbook of Labor Statistics, June 1985

FIGURE 4

OCCUPATIONAL DISTRIBUTION OF
EMPLOYED CIVILIANS, 1985

(Percent Distribution)

	TOTAL	WHITE	BLACK	HISPANIC	1985 MEDIAN WEEKLY EARNINGS BY OCCUPATION	1985 ANNUAL UNEMPLOYMENT BY OCCUPATION
TOTAL 16 years and over (thousands)	107,150	93,736	10,501	6,664		
PERCENT	100.0%	100.0%	100.0%	100.0%		
OCCUPATION						
Managerial and Professional Specialty	24.1	25.1	14.4	12.6	$488	2.4%
Executive/administrative/managerial	11.4	12.0	6.2	6.4	497	2.6
Professional specialty	12.7	13.1	8.2	6.2	481	2.3
Technical, Sales/Admin. Support	31.0	31.5	26.5	24.7	307	4.9
Technicians and related support	3.0	3.0	2.8	1.9	398	3.3
Sales occupations	11.8	12.4	6.6	8.3	335	5.3
Administrative support/clerical	16.2	16.1	17.1	14.4	286	4.9
Service Occupations	13.5	12.2	24.0	17.6	216	8.8
Private household	0.9	0.7	2.8	1.5	132	6.4
Protective service	1.6	1.5	2.5	1.5	381	4.7
Service other than private household or protective service	10.9	9.9	18.8	14.6	203	9.5
Precision Production, Craft/Repair	12.4	12.9	9.0	14.9	397	7.2
Operators, Fabricators, and Laborers	15.7	14.9	23.5	25.2	295	11.3
Machine operators, assemblers	7.3	6.9	10.7	13.7	287	11.1
Transportation, material moving	4.2	4.1	5.9	4.7	360	8.5
Handlers, equipment cleaners, helpers and laborers	4.1	3.9	6.9	6.7	251	14.3
Farming, Forestry and Fishing*	3.2	3.3	2.6	4.8	212	8.3

*In 1985, 993,000 individuals were employed as farmworkers. Of this figure, 17.1% were Hispanic, 11.6% were Black and 23.3% were women.

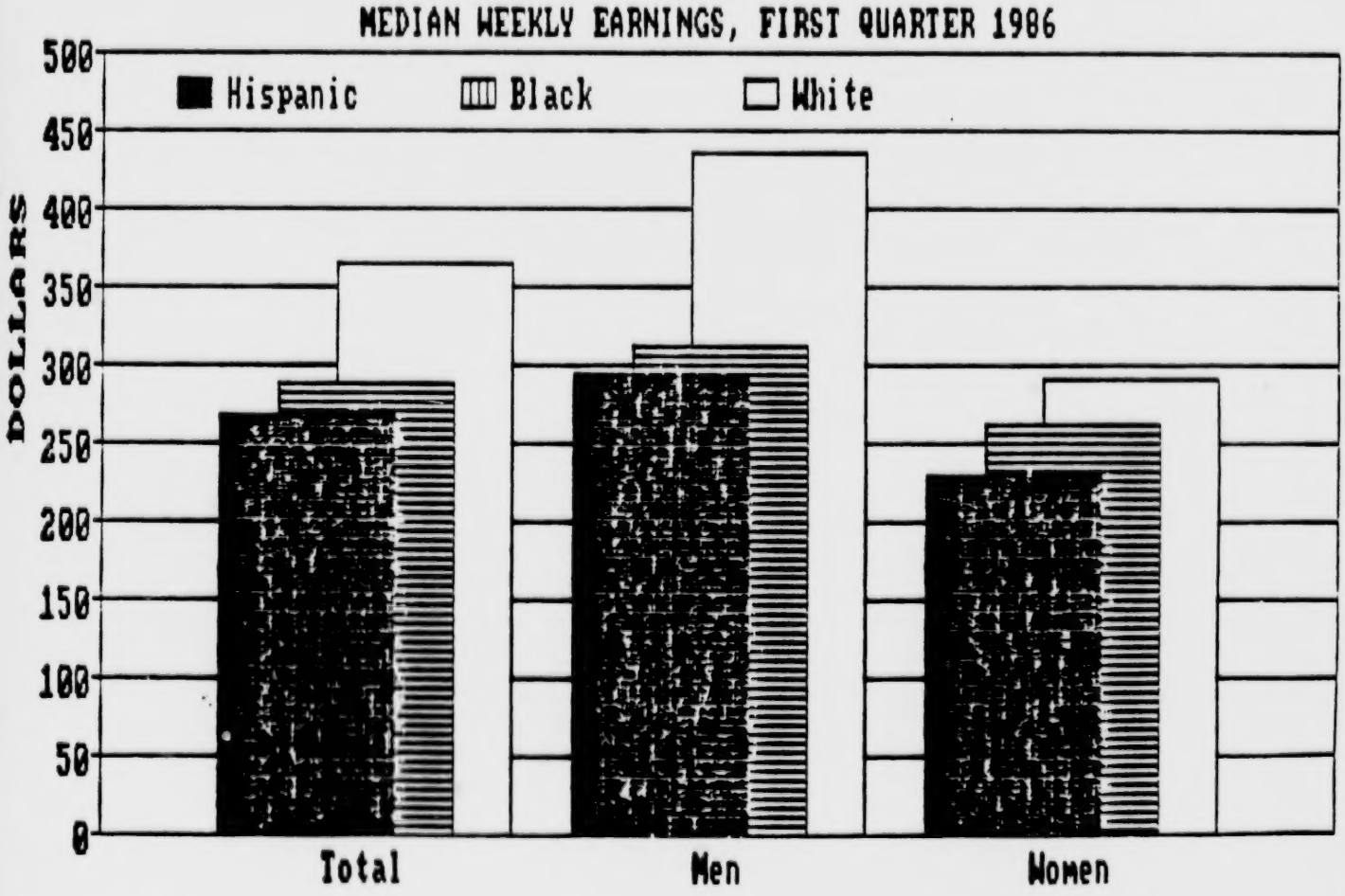
SOURCE: Bureau of Labor Statistics, Employment and Earnings, January 1986

similar to the situation among women overall — 29% — their heavy concentration in operative jobs — dressmakers, assemblers, machine operators, and the like — is strikingly above that of other women.

2. Earnings

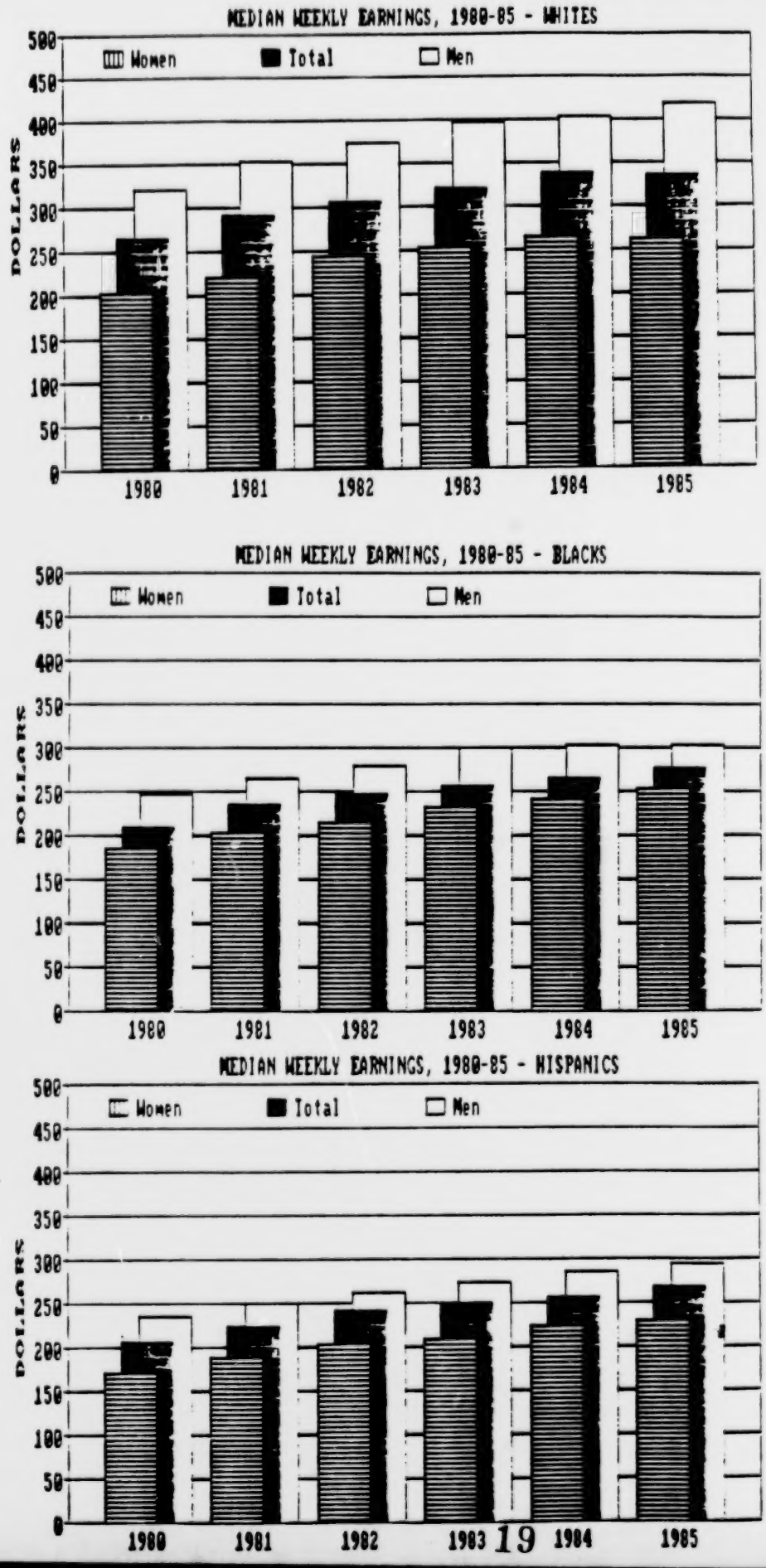
Hispanic workers earn the lowest wages in the labor market. In this regard, Hispanic women are worst off, earning only 53% as much as White men, and 77% as much as White women. Their median income is only 87% of the income of Black women. Hispanic men earn 71% as much as White men and 95% as much as Black men. For the first quarter of 1986, the median weekly earnings by sex and ethnic origin, for individuals 25 years old and over, are shown in Figure 5; Figure 6 shows how these earnings have increased over the past six years. As Figure 5 shows, Hispanics have the lowest weekly earnings — $250, compared to $277 for Blacks and $355 for Whites. Hispanic men averaged $274 per week, compared to $209 for Hispanic women.

FIGURE 5



SOURCE: Bureau of Labor Statistics, unpublished data.

FIGURE 6



SOURCE: Statistical Abstract of the United States, Bureau of the Census

Data from the Bureau of Labor Statistics show that the total Hispanic work force has been earning the lowest median weekly earnings throughout the 1980s, as the attached graphs indicate.

Occupational distribution affects earning levels. Figure 4 shows that the 1985 median weekly earnings for occupational categories in which Hispanics are overrepresented, such as operator/fabricator/laborer and farming, forestry and fishing occupations are low; they totaled just $295 and $212, respectively. The highest-paid occupations are the managerial and professional specialties, where Hispanics are least represented; these jobs had 1985 median weekly earnings of $488.

The low wage levels of Hispanics are also affected by other varying factors. For some Hispanics, such as Mexican Americans, their low level of education is a major cause for the wage discrepancy. Discrimination, however, still plays a significant role in determining the wages earned by Hispanic workers. Professor Cordelia Reimers' study, "A Comparative Analysis of the Wages of Hispanics, Blacks, and non-Hispanic Whites," found that the average wages offered to minority men were at least 15% below those offered to White men.6 The Reimers study yielded the following findings:

- The lower level of education of Hispanics was the single most important reason for the lower wages they received compared to non-Hispanic Whites.

- Controlling for sex, age, race, education, and other observable characteristics, lower wages among Hispanic groups were attributed, in part, to employment discrimination. Puerto Rican and Central and South American men were found to experience the most employment discrimination.

- Even if Puerto Rican wage earners received the same wages as other groups, their families would still have a lower income as a result of relatively low female labor force participation rates and the large proportion of female-headed families.

The Reimers study identified wage differentials between White men and minority men with similar characteristics, and determined the percentage differences that appeared to be due to discrimination. The study found that differences in language fluency, time in the United States, work experience, race, age, armed forces experience, health and government employment were also sources of wage differentials. But after all these factors were taken into consideration, a wage gap still remained, which can be attributed to discrimination. For Mexican-origin men, this "discrimination" wage gap was 6%; for Puerto Rican men, 18%; for Central and South American men, 36%; and for Black men, 14%.8 For Cuban men with background characteristics the same as those of White non-Hispanic men, the wage differential would be 6% in the Cubans' favor. This result may be explained by the fact that Cubans who immigrated to the U.S. before 1970 formed and maintained their own economic and institutional structure within a small geographic area.9 Reimer's findings are summarized in the following chart.

WAGE DIFFERENCES
(Percent)

GROUP	WAGE GAP	POTENTIAL DISCRIMINATION
Mexican	34%	6%
Puerto Rican	33	18
Cuban	16	-6
Central/South American	42	36
Black	23	14

The amount of the difference attributable to other factors was also determined. For Mexican-origin men, education differences were found to account for half (17%) of the 34% wage-offer differential; for Puerto Rican men, 13% of the 33% wage-offer differential; for Cuban men, 5% of the 16% wage-offer differential; for Central and South American men, 3% of the 42% wage-offer differential; and for Black men, 10% of the 23% wage-offer differential.7

Though based on 1970 and 1976 Census data, the Reimers study corroborates the findings of a 1982 research project of the National Council of La Raza. This study by Naomi Verdugo used data from the March 1981 Current Population Survey and found that unequal opportunities faced by Hispanics accounted for much of the earnings gap. The Council's regression-based analysis evaluated the effects of the following variables on wage and salary income: age, sex, ethnicity, marital status, hours worked, occupation, employment sector (private versus public sector), and industry (divided into nine different categories). The results of the analysis indicated that even when all other variables were controlled — thus assuming that Hispanics were equally educated, trained, worked the same number of hours, etc. -- ethnicity alone appeared to account for 14% of the wage difference between White and Hispanic males and 29% of the total difference in earning power between White males and Hispanic females.10

3. Unemployment

Hispanics face severe, continuing unemployment and underemployment. During both good and bad economic times, unemployment among Hispanics is usually 60% higher than that of White Americans. Figure 7 reveals that at a national level, double-digit unemployment has been a severe problem experienced by both the Hispanic and Black communities. Between 1980 and 1985, Hispanic unemployment has consistently been above 10%. Hispanic women have experienced especially high unemployment, usually 70% higher than the rate for White women. The unemployment rate has been consistently highest for Puerto Ricans -- whose unemployment rate approaches the Black rate -- and lowest for Cubans -- whose unemployment rate only slightly exceeds that of Whites.

Data available by state (See Figure 8) show that the nine states with the largest Hispanic populations all had double-digit Hispanic unemployment in 1982 and 1983. Hispanic unemployment was particularly high in California, Illinois, New Jersey and Colorado, and lowest in Florida. One of the reasons for the high level of Hispanic joblessness is their concentration in occupations which have experienced job losses due to changes in the national economy.

FIGURE 7

UNEMPLOYMENT RATES BY RACE,
SEX, AND HISPANIC SUBGROUP
(16 years and over)
(1978-1985 Annual Averages)

	1978	1979	1980	1981	1982	1983	1984	1985
Total Population	6.1%	5.8%	7.1%	7.6%	9.7%	9.6%	7.5%	7.2%
Total White	5.2	5.1	6.3	6.7	8.6	8.4	6.4	6.2
Men	4.6	4.5	6.1	6.5	8.8	8.8	6.4	6.1
Women	6.2	5.9	6.5	6.9	8.3	7.9	6.5	6.4
Total Black	12.8	12.3	14.3	15.6	18.9	19.5	15.9	15.1
Men	11.8	11.4	14.5	15.7	20.1	20.3	16.4	15.3
Women	13.8	13.3	14.0	15.6	17.6	18.6	15.4	14.9
Total Hispanic	9.1	8.3	10.1	10.4	13.8	13.7	10.7	10.5
Men	7.7	7.0	9.7	10.2	13.6	13.5	10.4	10.2
Women	11.3	10.3	10.7	10.8	14.1	13.8	11.1	11.0
Mexican origin								
Total	8.9	8.2	10.3	10.5	13.9	14.7	10.8	10.9
Men	7.1	6.6	9.6	10.0	13.9	14.6	10.7	10.5
Women	11.9	11.1	11.5	11.3	14.1	14.9	10.9	11.6
Puerto Rican origin								
Total	13.2	11.3	13.6	13.6	17.6	15.9	13.3	13.9
Men	12.5	11.5	13.1	14.2	17.3	17.0	12.3	13.0
Women	14.8	11.5	14.7	12.6	18.0	14.4	14.7	15.2
Cuban origin								
Total	7.2	8.2	8.4	9.0	11.2	11.9	7.9	7.3
Men	7.1	6.6	9.0	9.1	10.8	11.6	9.0	7.5
Women	7.6	9.9	6.4	9.0	11.7	12.1	6.7	7.0

SOURCE: Bureau of Labor Statistics, Handbook of Labor Statistics, June 1985

FIGURE 8

UNEMPLOYMENT RATES FOR HISPANIC-ORIGIN WORKERS IN SELECTED STATES

(1982-83)

STATE	UNEMPLOYMENT RATE	
	1982	1983
United States	13.8%	13.7%
Arizona	17.2	13.5
California	15.3	15.0
Colorado	15.6	14.0
Florida	11.6	11.6
Illinois	18.5	14.5
New Jersey	18.0	14.3
New Mexico	13.2	13.9
New York	13.2	12.2
Texas	10.4	12.5

SOURCE: Bureau of Labor Statistics, Handbook of Labor Statistics, June 1985

As other data have already suggested, one reason for high Mexican American and Puerto Rican joblessness is their low levels of educational attainment. Mexican Americans and Puerto Ricans are also especially youthful populations, and younger populations tend to experience higher rates of unemployment than prime-age workers. On the other hand, Cubans are better educated and older; hence, their unemployment rates are lower.

The official unemployment rate does not include long-term discouraged workers, or persons working part-time because they cannot find full-time jobs. When the 1.2 million discouraged workers and 5.5 million part-time workers are added to the officially unemployed, the number of unemployed persons in the U.S. climbs dramatically. It appears that teenagers are especially likely to become discouraged workers, so official Hispanic unemployment rates are almost certainly significantly understated.

An analysis of the unemployment rates within Standard Metropolitan Areas (SMAs) shows that the metropolitan area with the highest unemployment rate is McAllen-Edinburg, Texas, which is located in the Rio Grande Valley and has an 80% Hispanic population. The area is highly agricultural and is characterized by seasonal employment. Crop freezes and other natural disasters have negatively affected the employment levels of this agricultural region, and the area is a classic example of a border economy, vulnerable to peso devaluations which have severely curtailed business dependent upon Mexican consumers. In February 1986, the official unemployment rate for McAllen-Edinburg was 22.7%. This rate, however, translates to a real unemployment rate of 40.9%. The real unemployment rate takes into account discouraged workers and those working part-time because they cannot find full-time employment. The metropolitan area with the second highest unemployment rate in the nation as of February 1986 was Brownsville-Harlingen, Texas, several miles east of McAllen, which is also a heavily Hispanic border area. In February 1986, the official unemployment rate for Brownsville-Harlingen was 18.7%. The real unemployment rate, however, was 33.7%.

The data indicate that Hispanic unemployment remains consistently high, due to both labor force characteristics and regional economic factors. Moreover, publicly funded employment and training programs do not appear to be having a major effect on Hispanic unemployment.

IV. THE FEDERAL RESPONSE

A. History of Employment and Training Programs

Employment and training programs have a long and fragmented history in the United States. Tracing federal jobs programs from the New Deal era of the 1930s to the present shows a wide range of sometimes successful, often controversial employment and training policies. The various strategies have been shaped by a number of factors, including the administration in office, overall economic conditions, and public attitudes toward employment and training programs during a given period.

Differing attitudes toward and approaches to the problem of unemployment are manifested in the structure and characteristics of employment programs. These components include:

1. **Financing of the programs**; e.g., exclusively federal financing as for Manpower Development and Training Act skills training, or shared federal and private-sector financing as in the New Jobs Tax Credit;

2. **Planning and operations locus**; e.g., exclusively federal as in the Civilian Conservation Corps of the 1930s, or cooperative arrangements between the federal government and the private sector as with the Private Industry Councils established in 1978 under the Comprehensive Employment and Training Act (CETA) and expanded under the Job Training Partnership Act (JTPA); some programs also required state or local government contractors to provide matching funds;

3. **Eligibility requirements for participants**; e.g., minimally restrictive definition of "unemployed" as in the New Jobs Tax Credit, or targeted populations as in migrant farmworker programs under CETA or JTPA;

4. **Goals of the programs**; e.g., maximum short-term public-sector job creation as in the Public Service Employment program under CETA, or training for unsubsidized jobs as in the Work Incentive Program or JTPA.11

Whether the emphasis is on direct job creation to get people off public assistance rolls and into productive activities or on aiding the unemployed indirectly through stimulation of the overall economy, the problem of unemployment has been and will continue to be a key item on the nation's public policy agenda for many years to come. As long as there is unemployment, and as long as the rates for minorities and women remain excessively high, Hispanics will have a vital interest in this nation's employment and training policies. As a group, Hispanics have a great need for and are especially likely to benefit from effective employment and training programs.

B. Early Federal Responses to Economic Crisis

In the early 1930s, with the Depression pushing unemployment rates to 30% and above, federal intervention was needed desperately to provide relief. President Franklin D. Roosevelt's New Deal policies created a very strong federal role in promoting employment, using a number of agencies which were established under his administration, including the Public Works Administration, the Works Progress Administration, the Civilian Conservation Corps and the National Youth Administration. The primary goal of these agencies and their projects was to get the unemployed off relief rolls and into productive activities. Though these New Deal programs succeeded in getting jobs for large numbers of people, their large scope, rushed implementation and emphasis on income maintenance contributed to a negative "make-work" or "leaf-raking" image for the jobs created. This characterization has persisted for direct public job creation programs to the present day.

Concern for work relief subsided with the onset of World War II, but by that time the issue of unemployment had become firmly embedded in the federal government's policy agenda. Lawmakers feared a return of severe joblessness after the war, and out of this concern was born the Full Employment Act of 1946. This Act wrote into law the responsibility and policy of the federal government to "promote maximum employment, production and purchasing power."12 The central goal of the Act was a 4% unemployment rate. A healthy economic expansion in the 1950s soon shifted people's attention away from direct federal job creation for the time being.

C. Recent Efforts in the Battle Against Unemployment

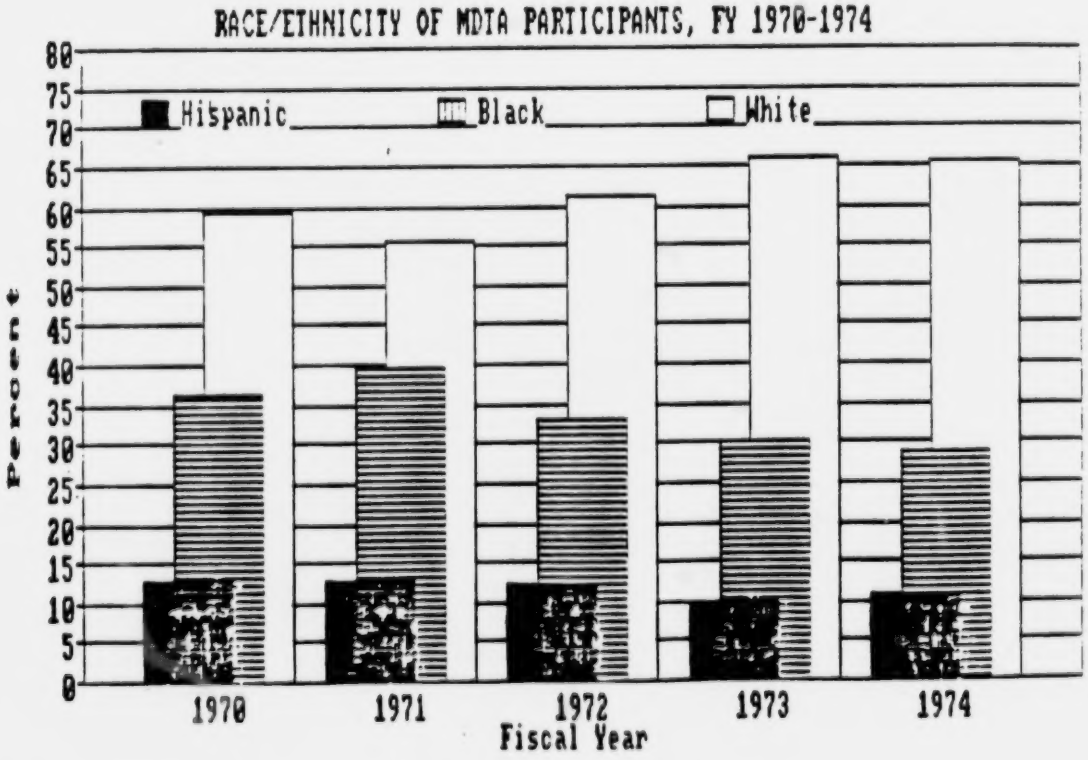
By the 1960s a recession had begun and once again job creation became a compelling issue. In early 1962, President John F. Kennedy proposed legislation that would create a $2 billion permanent fund to be used to fund public works jobs at the first sign of a recession. Congress rejected both the large budget and the proposed presidential control over distribution of funds written into the Act.

Instead, it authorized the Public Works Acceleration Act of 1962, which provided nearly $1 billion for building and maintenance projects in communities experiencing persistently high levels of unemployment.

The major employment legislation in the 1960s included the Manpower Development and Training Act (MDTA) and the Economic Opportunity Act (EOA). Both reflected an increasing emphasis on targeting disadvantaged individuals for assistance — those with limited skills, work experience and education. MDTA, a bipartisan program enacted in 1962, initially provided vocational training for unemployed workers displaced by automation, but was later expanded to focus on low-income youth and adults. Under President Lyndon B. Johnson's "War on Poverty," employment and training programs were given a big boost, as policy makers sought ways to combat the "new" categories of impoverished and structurally unemployed citizens. The Economic Opportunity Act of 1964 created two important programs: the Neighborhood Youth Corps, which emphasized work experience for youth, and Job Corps, which focused on the educational and skills shortcomings of youth and young adults.

Also in 1964, the federal government began to sign contracts with employers to provide on-the-job training. Skills centers were also established in some areas to provide more flexible training for the unemployed and economically disadvantaged, and efforts were made to coordinate local urban employment and training projects funded through various federal legislation, using what was called Concentrated Employment Programs with one lead agency, usually the community action agency. MDTA and EOA together reached an annual expenditure level of approximately $1.5 billion in the late 1960s. For the most part these programs remained very centralized, with detailed federal guidelines and oversight; services were typically provided locally by school systems, the employment service, community action agencies and other nonprofit organizations. Under MDTA, between 1970 and 1974, Hispanics averaged approximately 12% of participants, as shown in Figure 9.

FIGURE 9



SOURCE: Manpower Report of the President, 1975

These War on Poverty programs of the 1960s attracted a great deal of criticism from people who thought that those being served by the programs were lazy and undeserving and that their disadvantaged situation was of their own doing, and from individuals who believed that federal funds were being misspent by the community-based organizations under contract to provide services. In some cases, the latter criticism was accurate, but the abuses were not as prevalent as many critics asserted. Moreover, similar abuses were found in programs run by local government agencies. Despite this persistent criticism, programs aimed at long-term unemployed and disadvantaged continued, though at widely varying funding levels.

In 1971, rapidly rising unemployment and pressure from Congress persuaded President Richard M. Nixon to sign the Emergency Employment Act, which provided temporary jobs in state and local government agencies. This measure represented an approach to combat joblessness little used since the Depression — public service employment (PSE). These PSE programs required that funds be used primarily for paying wages of workers hired by state and local governments or by nonprofit agencies. Though the Act provided nearly 200,000 jobs between 1972-74, critics charged that relaxed enrollment qualification standards allowed participants to be chosen from among the least disadvantaged. Thus low-income, poorly educated individuals did not necessarily benefit from these initial PSE programs.

D. The Comprehensive Employment and Training Act

In 1973, the Comprehensive Employment and Training Act (CETA) was signed into law. This was to be the major federal legislation governing employment and training programs for the coming decade. As implied in its title, CETA attempted to establish a comprehensive framework within which employment and training programs could operate. The legislation transferred administrative responsibility from the federal government to state and local authorities, or "prime sponsors." This reflected the Nixon administration's preference for decentralization of employment and training programs. The statute was designed to address both cyclical and structural unemployment problems.

CETA underwent numerous and significant revisions over the course of its ten-year existence. Initially its principal mission was to train the chronically unemployed for jobs in the private sector. Soon after implementation, however, large "emergency" jobs components were added to counter the effects of the 1974-75 recession. The number of subsidized jobs grew from 100,000 in 1974 to over 725,000 in 1978-79. Spending on temporary jobs averaged about $4 billion per year from 1971-1983.

In 1977, another major expansion of the public service employment component occurred, along with the addition of youth projects. In 1978, CETA was amended in an attempt to solve some of the major problems plaguing the programs, especially the controversial public service employment program. Changes included:

1. Revised eligibility requirements, to increase targeting on the disadvantaged;

2. Lower PSE wages, to discourage nondisadvantaged persons from seeking PSE jobs;

3. Requirements that PSE enrollees participate in training programs, in order to improve their employability.

4. Limitations on the length of time participants could remain in CETA programs, to discourage job substitution; and

5. Tightened administrative controls at the federal and local levels, in order to improve management and prevent fraud and abuse.

Contrary to negative allegations, however, the National Commission for Manpower Policy reported to Congress that PSE had a central role in assisting the structurally unemployed. The Commission concluded that PSE could be used as a major instrument of national manpower policy. Once PSE was targeted to serve the economically disadvantaged, PSE enrollees engaged in a variety of meaningful jobs such as public safety or public works.

One of the major changes under the 1978 reauthorization was the establishment of an experimental Private Sector Initiative Program. The program called upon prime sponsors to establish private industry councils (PICs), which would serve in an advisory capacity to the local program administrators. This was the beginning of a concentrated effort to involve the private sector in employment and training programs. The Targeted Jobs Tax Credit program was also added, whereby employers received tax credits for employing eligible disadvantaged, hard-to-employ individuals.

The revised CETA did succeed in one of its main objectives: to increase participation of low-income and hard-to-employ individuals, including welfare recipients, members of minority groups, persons with limited education, and youth. Hispanic participation in CETA increased slightly after the 1978 reauthorization, particularly in Title IID, PSE programs (See Figure 10). However, the 1978 amendments were also designed to curb fraud and abuse, and thus Congress imposed strict federal legislation and oversight.

From 1975 to 1979 CETA's history was one of expanding programs and ever-increasing funds. Appropriations for CETA programs grew from $3.7 billion in 1975 to $10.3 billion in 1979. Thereafter, funding for CETA took a drastic nosedive. In 1980, Public Service Employment (PSE) programs were cut by $3 billion; by 1982 PSE programs were eliminated completely. By 1983, appropriations for all CETA programs had shrunk to $3.9 billion.

E. Hispanic Participation in CETA

In assessing the success or failure of CETA programs, a study sponsored by the National Commission for Employment Policy (NCEP) analyzed the relative needs of participant groups according to race/ethnicity and gender and determined whether these needs were being served adequately through the appropriate programs.13 Since Hispanics were the youngest subpopulation, it was clear that they had a great need for CETA jobs. Blacks, however, had the largest percentage of 14-21 year olds, the group most vulnerable to unemployment. Therefore, Blacks as a group would tend to have the greatest need for CETA jobs. Hispanics as a group had the poorest levels of educational attainment, and thus had the greatest need for educational services under CETA. Females, regardless of racial/ethnic origin, had the highest percentage of individuals in the lowest-paying, least secure occupations. Overall, all females and especially Hispanic females were most in need of training and experience in economically secure occupations. Hispanic individuals and families as a group were assumed to need CETA jobs and income less than Black, and more than White, individuals or families. Black teenagers had by far the greatest need for jobs, because they had the highest unemployment rate of all youth.

Among Hispanic subgroups, Mexican Americans and Puerto Ricans were found to be the most vulnerable to unemployment, based on their very young median age and high percentage of 14-21 year olds. Puerto Ricans had the highest rates of unemployment, and Mexican Americans and Puerto Ricans were found to have the highest

FIGURE 10

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA)

PERCENT OF HISPANIC ENROLLEES: FISCAL YEARS 1975-81

Year	Title I	Title II PSE	Title VI PSE
1975	12.5%	16.1%	12.9%
1976	14.0	12.4	9.9
1977	13.7	13.5	12.0
1978	12.5	8.5	9.8
	----------POST 1978 REAUTHORIZATION----------		
	Title II-B/C	Title II-D	Title VI
1979	13.0	13.0	12.0
1980	13.0	12.0	13.0
1981	12.9	14.5	14.5

PERCENT OF BLACK ENROLLEES: FISCAL YEARS 1975-81

Year	Title I	Title II PSE	Title VI PSE
1975	38.5%	21.8%	22.9%
1976	37.1	26.5	23.0
1977	34.7	22.9	25.9
1978	33.7	23.7	28.5
	----------POST 1978 REAUTHORIZATION----------		
	Title II-B/C	Title II-D	Title VI
1979	33.0	29.0	30.0
1980	33.0	34.0	33.0
1981	31.4	33.5	32.7

PERCENT OF WHITE ENROLLEES: FISCAL YEARS 1975-81

Year	Title I	Title II PSE	Title VI PSE
1975	54.6%	65.1%	71.1%
1976	55.3	61.4	68.2
1977	56.7	70.6	66.2
1978	60.5	71.6	65.9
	----------POST 1978 REAUTHORIZATION----------		
Year	Title II-B/C	Title II-D	Title VI
1979	51.0	55.0	54.0
1980	50.0	51.0	51.0
1981	51.0	48.9	50.2

SOURCE: Employment and Training Report of the President, 1975-82

FIGURE 10, continued

DESCRIPTION OF CETA TITLES

Pre 1978 Amendments

Title I: Provided for nationwide program of comprehensive employment and training services administered by prime sponsors.

Title II: Authorized public service employment (PSE) programs in areas with 6.5% or higher unemployment for three consecutive months.

Title VI: Authorized a temporary emergency PSE to help ease the impact of high unemployment.

Post 1978 Amendments

Title II B/C: Authorized comprehensive employment and training activities such as on-the-job training, work experience, job search assistance, and support services.

Title II D: Authorized counterstructural PSE program limited to economically disadvantaged persons unemployed for 15 of the last 20 weeks. Served primarily the long-term unemployed.

Title VI: Authorized countercyclical PSE program limited to unemployed persons out of work for 10 of the last 12 weeks. Served primarily the short-term unemployed.

percentage of high school dropouts. Thus Puerto Ricans had the highest needs for job and income resources and Mexican Americans and Puerto Ricans had comparably great needs for educational services.

Under CETA, it appears that Hispanics as a group fared relatively well. Studies indicate that Hispanics participated in CETA at a rate at or above their representation in the eligible population.14 If differences occurred, indicating some form of inequity, they occurred across gender lines and not quite as significantly across race or ethnic lines. For example, the NCEP study measured the occupational status associated with the various CETA activities. It was found that public service employment and classroom training activities were associated with the highest average occupational status, while work experience activities were associated with the lowest average occupational status. Hispanics were overrepresented compared to total participants in both classroom training and work experience activities. Women in particular were found in work experience activities. Hispanics were underrepresented in PSE jobs (See Figure 11).

Occupational status, however, was not always directly correlated with wages. In general, PSE activities offered the highest wages, on-the-job training (OJT) the next highest, followed by work experience and then classroom training. It was found that within the same activity and sex, Blacks tended to have the lowest wages. Overall, among women alike in other ways, Whites and Blacks tended to receive lower wages than Hispanics. Among males alike in other ways, Whites and Hispanics earned higher wages than Blacks. Data on Hispanic subgroups showed some minor differences. The researchers noted that these were not particularly meaningful because, given the geographic distribution of Hispanics in the U.S., the differences "reflected competition between the sub-group and Whites and Blacks within a given region," as opposed to differences between Mexican Americans and Puerto Ricans or Cubans, for instance (See Figure 12).

The NCEP study did not break out participation rates by region. A 1979 study by the Mexican American Legal Defense and Educational Fund (MALDEF) and the National Council of La Raza revealed that Hispanics were "underrepresented as CETA clients in a number of prime sponsor areas where they constitute large segments of the general population."15 Though the situation improved somewhat after the 1978 reauthorization of CETA, "participation (remained) well below equity in many locations."16

Overall, Hispanics were somewhat overrepresented in CETA classroom training and work experience activities. They were underrepresented in PSE jobs. The NCEP study concluded that there was "no evidence of bias against Hispanics in CETA for members of the same sex."17 However, the study did demonstrate some inequity in services to men versus services to women. Hispanic and Black women in particular, groups with the highest incidence of single parenthood and poverty, may not have received the services they required for successful transition into unsubsidized employment. These groups of women were entering employment offering the lowest wages and lowest occupational status, and thus the programs did little to enhance their self-sufficiency.

F. A New Approach to Employment and Training - "New Federalism"

When President Ronald Reagan took office in 1981, a new approach to employment and training was launched. Reagan's economic policies were in many ways the polar opposite of Carter administration policies. Where Carter endorsed increased government spending to aid victims of economic recession, President Reagan believed

FIGURE 11

DISTRIBUTION OF TITLE I PARTICIPANTS BY CETA ACTIVITY, SEX AND RACE/ETHNICITY

(FY 1976-1979)
(Percent)

	MALES				FEMALES				
Activity	Total	White	Black	Hispanic	Total	White	Black	Hispanic	Total
Classroom Training	29.9	27.6	31.6	36.6	40.7	38.9	41.9	45.3	35.2
OJT	19.7	24.0	11.9	20.5	10.8	13.5	7.5	8.8	15.3
Work Experience	39.4	37.0	45.2	35.7	41.5	40.5	42.4	43.1	40.4
Summer Youth Program	8.0	7.9	9.1	5.3	5.0	4.6	6.7	2.0	6.5
PSE	3.0	3.6	2.3	1.9	2.0	2.6	1.6	0.8	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Sue E. Berryman and Linda J. Waite, "Hispanics in CETA: Issues of Access, Distribution and Equity," Draft of report prepared for the National Commission on Employment Policy, Washington, DC, April 1982, p. 52

FIGURE 12

DISTRIBUTION OF TITLE I PARTICIPANTS BY CETA ACTIVITY, SEX AND HISPANIC SUBGROUP

(FY 1976-1979)

(Percent)

	MALES					FEMALES					
Activity	Total	Mexican	Puerto Rican	Cuban	Other Hispanic	Total	Mexican	Puerto Rican	Cuban	Other Hispanic	Total Hispanic
Classroom Training	36.6	33.7	36.3	33.9	48.2	45.3	42.3	46.4	48.0	54.4	41.0
OJT	20.5	21.2	17.2	18.3	21.9	8.8	8.7	7.3	6.8	10.8	14.6
Work Experience	35.7	40.9	29.9	37.2	21.0	43.1	44.8	45.8	45.2	34.0	39.5
Summer Youth Program	5.3	2.9	13.7	0.0	7.0	2.0	3.2	0.0	0.0	0.0	3.7
PSE	1.9	1.3	2.9	10.6	2.1	0.8	1.0	0.5	0.0	0.9	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Sue E. Berryman and Linda J. Waite, "Hispanics and CETA: Issues of Access, Distribution and Equity," Draft of report prepared for the National Commission on Employment Policy, Washington, DC, April 1982, p. 55

that excessive government spending was responsible for high inflation and unemployment. Carter focused on generating jobs, and during his administration PSE was expanded to unprecedented levels. Reagan proposed tax cuts and major cuts in the 1982 budget authority, measures which he believed would stimulate the private sector and thus indirectly create new jobs. Under Carter, federal jobs programs were central to an economic stimulus package. Reagan cut back or abolished completely these federal jobs programs. The President's basic premise was that "hard working Americans" who were motivated would be able to find private-sector jobs, especially in the context of a healthy economy. Therefore, public-sector job creation was not necessary.

In 1981, Congress approved the President's recommended termination of public service jobs. The Reagan administration then set out to revise and trim other federal employment and training programs. In the Fiscal Year 1983 budget, submitted in January 1982, the President proposed a complete restructuring of job training programs. This involved combining all the programs under a block grant to the states and slashing funding by two-thirds from the Fiscal Year 1981 level. The President also proposed to cut off community service employment for the elderly, eliminate summer jobs for inner-city youth, and decrease spending for the Job Corps. This budget exemplified Reagan's focus on general economic recovery instead of direct federal intervention in the battle against unemployment. Figures 13 and 14 summarize federal spending on employment and training over the past quarter-century, showing the reductions in the 1980s.

President Reagan anticipated lower unemployment rates in 1982, predicting a drop to 7.2% by Fiscal Year 1983 and 5.8% by FY 1986. Instead, by the end of 1982, unemployment had reached 10.8%; the nation had fallen into a deep recession and was faced with the highest unemployment in 40 years. The results of the mid-term elections were interpreted by both parties as a mandate for direct federal intervention to ease unemployment, and various job creation packages were proposed. A $4.6 billion jobs package was enacted and signed by the President which included $500 million for public service jobs under the Community Development Block Grant program. Most of the funds were allotted for public works projects, which were defended as providing useful employment, as opposed to dead-end, "make-work" jobs.18

G. The Job Training Partnership Act

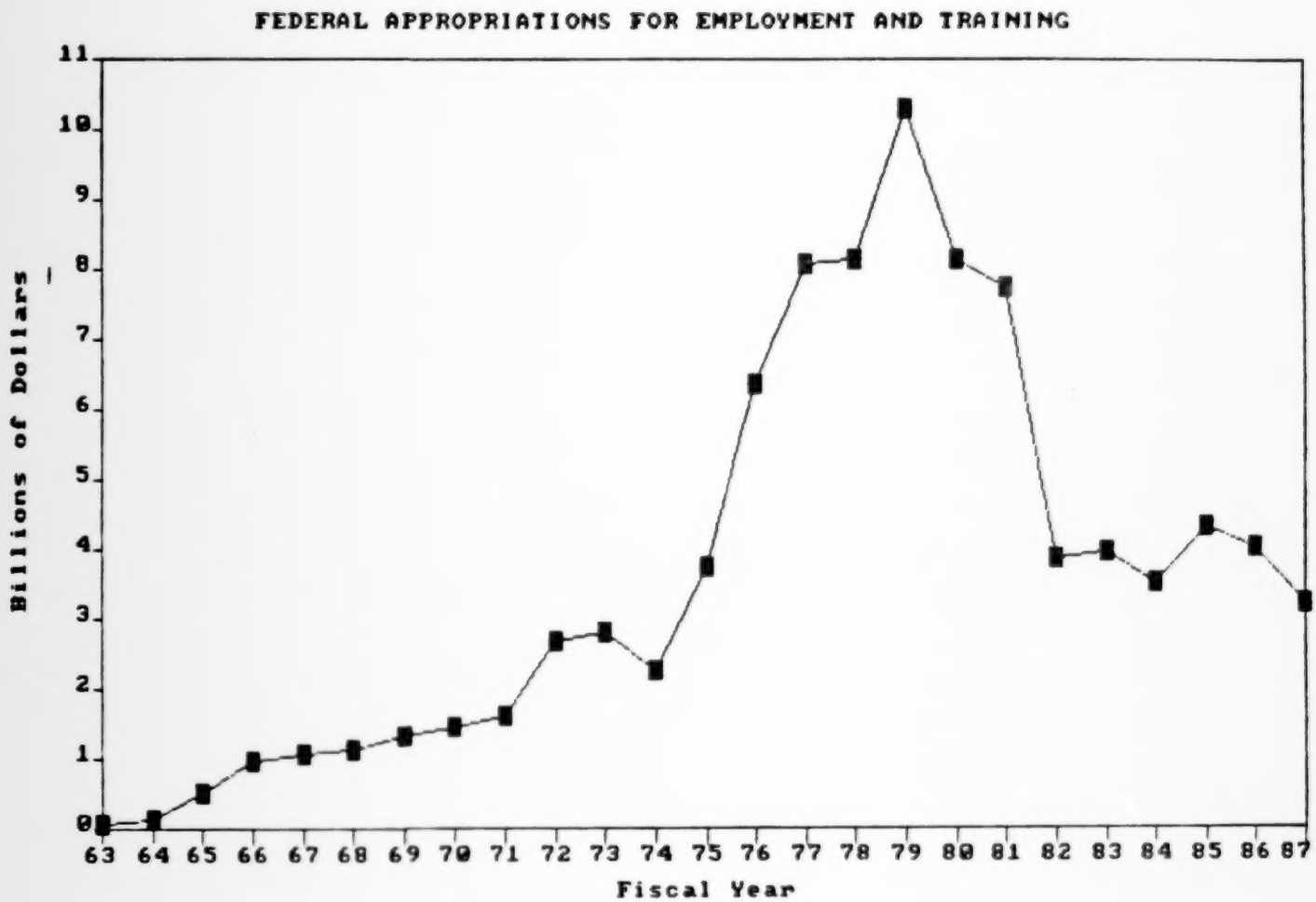
On October 13, 1982, President Reagan signed the Job Training Partnership Act (JTPA) into law. The main differences between JTPA and CETA are the following:

1. JTPA calls for greatly increased private-sector involvement, with Private Industry Councils having major policy authority;
2. JTPA is almost totally decentralized, and is managed by state governments, who allocate funds to local governments serving as Service Delivery Areas; and
3. JTPA emphasizes direct-placement and short-term training over income maintenance.

Figure 15 (attached) provides a comparison of the main provisions of each Act.

Unlike specific provisions mandating private industry representation under JTPA, the statute does not contain language which mandates specific numbers for community based organization (CBO) representation. CBOs typically play a dual role as advocates and service providers for their constituencies; they are known to have a high success rate in reaching the disadvantaged. Under JTPA, Private Industry Council representatives from CBOs are to be chosen as part of a broad and extremely varied group that also includes representatives from organized labor, educational

FIGURE 13



SOURCE: Employment and Training Report of the President, 1974-1983; Budget of the United States; and The Politics of Unemployment, Baumer and Van Horn, 1985

FIGURE 14

APPROPRIATIONS FOR AND JTPA, FISCAL YEARS 1975-1985, BY PROGRAM

(In Millions of Dollars)

	CETA									JTPA		
										Oct. 1983 to June		
PROGRAM	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984 [a]	1984 [b]	1985 [c]
TOTAL	$3,743	6,339	8,053	8,125	10,290	8,128	7,740	3,895	3,990	2,794	3,605	3,610
Comprehensive Training	1,819	2,302	2,481	2,268	2,361	2,922	2,821	1,925	2,409	1,560	2,079	2,063
Special Youth Programs	175	184	1,274	417	1,238	1,492	1,636	1,204	622	415	578	600
Summer Youth Programs	473	528	595	756	785	609	839	766	824	725	725	724
Public Service Employment	1,275	3,325	3,703	4,684	5,905	3,105	2,444	0	0	0	0	0
Dislocated Workers	0	0	0	0	0	0	0	0	135	94	223	223

[a] Allocation for nine-month transition period, October 1, 1983 to June 30, 1984.

[b] Allocation for first program year, July 1, 1984 to June 30, 1985.

[c] Proposed allocation for second program year, July 1, 1985 to June 30, 1986.

SOURCE: Employment and Training Report of the President, 1976 - 1983; Budget of the United States; and The Politics of Unemployment, Palmer and Van Horn, 1985

FIGURE 15

KEY PROVISIONS OF JTPA COMPARED WITH CETA

	The Job Training Partnership Act (October 1983-present)	CETA (April 1979 to September 1983)
Target Groups	Low-income and long-term unemployed; 60% adult, 40% youth; 10% "window" for non-poor; includes dislocated workers. However, actual targeting language is non-specific and thus very permissive.	Low-income and long-term unemployed; no specific program for dislocated workers.
Program Activities & Restrictions	On-the-job training, classroom training and other activities that lead to jobs in the private sector; 70% of funds must go for training; restrictions on the use of funds for work experience; public service jobs prohibited; payment of stipends or wages to trainees restricted.	Work experience. on-the-job training, classroom training, supportive services, remedial education; no restrictions on the use of funds to pay wages or stipends to program enrollees.
State Role - Governor	Responsible for overall program coordination and monitoring of state and local programs; approves or disapproves local plans; determines the areas that will deliver local programs; administers state level programs for older workers, dislocated workers; appoints state advisory council.	Administers programs in areas falling outside CETA prime sponsor areas; administers special grants programs; appoints statewide advisory council.
Service Delivery Areas	Units of local government in partnerships with PICs, with a population over 200,000 or serving a substantial area of the labor market.	Units of local government with populations of 100,000 or more; remainder in balance of state.
Local Program Management	PICs composed of representatives from the private sector as the majority partner and from labor, education, and other groups, appointed by local elected officials; plans must be approved jointly by PICs and local elected officials.	Chief elected official of the local political jurisdiction; local advisory councils, appointed by elected officials, offer advice but do not approve or disapprove plans.
Federal Role	Promulgation of national performance standards; management of research and demonstration projects; management of national programs for Indians, migrant workers, the Job Corps.	Principal responsibility for oversight of the system, including review and assessment of activities and delivery of technical assistance; research and demonstration projects; management of national programs for Indians, migrant workers, youth, the Job Corps, and other programs.

Source: Donald Baumer and Carl Van Horn, The Politics of Unemployment, p. 180-181

agencies, economic development agencies, and the public employment service. JTPA's statutory definition of a community-based organization is extremely broad; therefore, Hispanic CBOs which act as service deliverers may be excluded in favor of an organization which represents a more general constituency.

An effect of decentralization is a decrease in federal oversight to accomplish national goals. The 1978 amendments to CETA increased the federal role in targeting efforts. Whereas CETA prescribed services "to be made available" to "significant segments" of the population, JTPA merely suggests that local programs "shall make efforts" to provide "equitable services to substantial segments" of the eligible population. The differences in language illustrate a strong mandate for targeting in CETA versus a permissive approach in JTPA.

In their efforts to emphasize training over income maintenance, the drafters of JTPA and the Reagan administration eliminated Public Service Employment (PSE). This move was also a reaction to negative accounts of "leaf-raking" jobs and abuse.

H. Hispanics and the Job Training Partnership Act

Several characteristics of the Job Training Partnership Act are of special concern to Hispanics. First, JTPA is a performance driven system. Programs (and program administrators) are rewarded on the basis of successful placement of program participants into unsubsidized employment at low costs. As stated in a 1985 report by Grinker, Walker & Associates and MDC, Inc., who are monitoring JTPA implementation:

> The greatest interest of the PICs — in particular their business members — was in insuring that the JTPA program operated at low cost and with high placement rates. They were usually against putting resources into support services, and were not interested in designing programs for a particular group.20

With higher than average rates of unemployment and numbers of disadvantaged individuals and lower levels of educational attainment, Hispanics often need support services and specific skill training programs in order to successfully enter unsubsidized employment. JTPA is not set up to meet these needs.

JTPA has been funded at a much lower level than CETA and less than 5% percent of eligible individuals can be served under the Act. Funding programs for groups in need of extensive training programs would mean serving significantly fewer participants due to higher training costs. Since program administrators prefer to serve more participants at lower costs, they tend to choose from those in the eligible pool who are least disadvantaged and most "job-ready." This type of client selection is known as "creaming" and tends to minimize program participation by Hispanics. Aside from cost restrictions, targeting language in JTPA may also tend to work against the interests of Hispanics and other disadvantaged groups. The language is general, and allows for discretionary interpretation. Even where specific mandates are set forth, program administrators are not always meeting them. The Grinker-Walker report reveals that during the first two years of JTPA:

> ...Most SDAs did not pay any substantial attention to the act's broad mandate to serve those most in need of and able to benefit from its services. They felt the mandate was undercut by the act's restrictions on support services, stipends and work experience; its strong focus on standardized performance standards; and its major role for the private sector.21

Data on the performance and participant levels in JTPA from its inception through the first quarter of program year (PY) 1985 indicate that Hispanic adults --

but not youth -- have been served at levels proportional to their representation in the eligible population, but these levels represent a decrease from CETA participation rates. Hispanics represent approximately 9.2% of the eligible population. Under CETA, Hispanics participated at a rate of 11.4%; during the first two years of JTPA, Hispanics comprised approximately 9.6% of all participants. Statistics for the first quarter of program year 1985 (the most recent available) showed a decrease in Hispanic adult enrollments from the previous years of JTPA, dropping to approximately 8.0% (See Figure 16). Hispanic youth continued to be served at levels significantly below their representation in the eligible population, a special concern given the employment problems of Hispanic youth. Individuals with a high school diploma or higher levels of education were significantly overrepresented among adult JTPA Title IIA participants.22 From CETA in Fiscal Year 1982 to the end of the JTPA transition year in 1984, there was decrease of 6% in the proportion of dropouts served. Since over half of Hispanic adults are not high school graduates, this is a serious shortcoming.23

Training stipends were also severely curtailed under JTPA. This lack of training stipends reduces per-client costs but also affects access to training programs by the truly disadvantaged, including many Hispanics. Due to family income needs, there may be a strong tendency for individuals to take any job which becomes available, rather than complete training. This is a particular problem for the Hispanic community which has high rates of poverty and underemployment. The restrictions on training stipends may have a chilling effect on those individuals who are most in need of training but who can least afford the extra costs associated with training, such as transportation and child care.

On-the-job training is more heavily emphasized under JTPA than it was under CETA. State and SDA officials cite a number of reasons for the emphasis on OJT, prominent among them the fact that OJT is associated with a high likelihood of entering unsubsidized employment. Under JTPA, Hispanics are less likely than Whites to participate in on-the-job training programs. Work experience, an activity in which Hispanics, particularly Hispanic women, were overrepresented under CETA, has been drastically cut back, by as much as 95%, under JTPA.

Under JTPA, Hispanics continue to be overrepresented in classroom training programs (See Figure 17). Classroom training under JTPA usually involves some sort of skills training, as opposed to basic education, which was provided under CETA. In order to enter a JTPA training program, a participant is often required to have achieved a certain grade level in reading comprehension and math ability, and in many cases a high school diploma or GED is required. This is a concern for Hispanics, since they have the lowest levels of educational attainment of any major population group and tend to need basic education. As a result, it appears that Hispanics participating in JTPA are among the least disadvantaged in the target group. As noted in the Grinker-Walker report, one SDA official said, "It's not hard to meet substantial-segment goals so long as you can select the best people from each group. In a program the size of JTPA, you can do that."24

Under CETA, women tended to be enrolled in lower-paying, lower status program components. This trend has continued under JTPA. Work experience activities, in which women were overrepresented in CETA, continue to offer the lowest wages under JTPA. According to the most current data available (January 1986), women are significantly overrepresented in JTPA classroom training as well as work experience activities. While females on the whole represent a larger percentage of JTPA participants than males, they are served at levels slightly below their representation in the eligible population. In addition, available data on JTPA indicate the following about JTPA outcomes for Hispanics (See Figures 18 and 19):

FIGURE 16

JTPA TITLE IIA ELIGIBLES AND PARTICIPANTS AND CETA TITLE IIB PARTICIPANTS
(Percent)

ADULT JTPA IIA AND CETA IIB

	Eligibles	Transition Year 1983 - 84 Participants	Program Year 1984 Participants	Program Year 1985 - 1st QTR. Participants	CETA IIB 1981 Participants
Hispanic	9.2%	9.4%	9.8%	8%	11.4%
White	66.3	57.3	57.6	59	51.5
Black	21.0	29.4	29.0	29	29.1

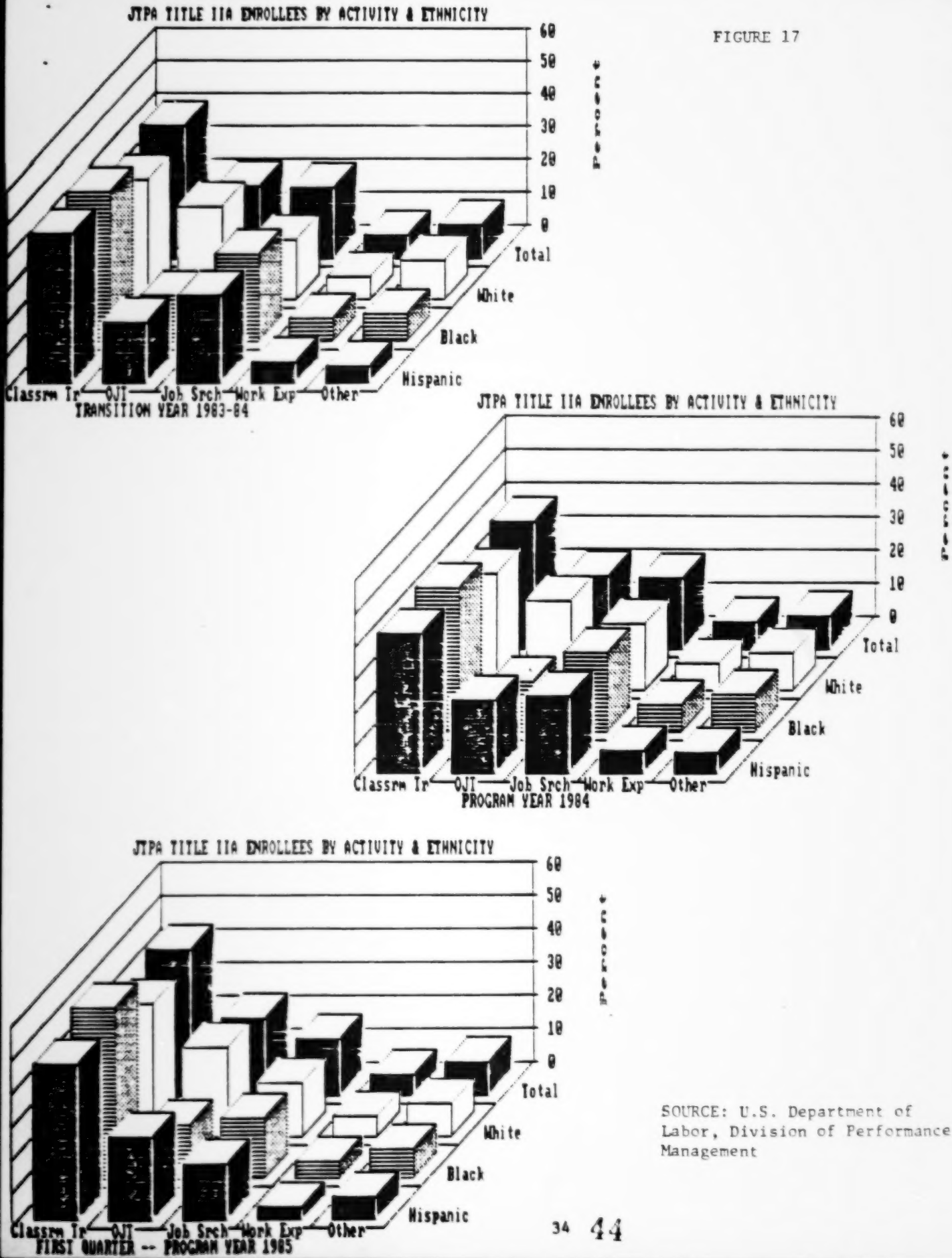
YOUTH JTPA IIA AND CETA IIB

	Eligibles	Transition Year 1983 - 84 Participants	Program Year 1984 Participants	Program Year 1985 - 1st Qtr. Participants	CETA IIB 1981 Participants
Hispanic	13.2%	10.7%	10.6%	10%	11.9%
White	53.8	49.1	49.6	52	45.4
Black	28.9	36.0	35.8	35	37.6

SOURCES: Westat, Inc., "Implementation of the Job Training Partnership Act: Final Report" (Rockville, Maryland, November 1985)

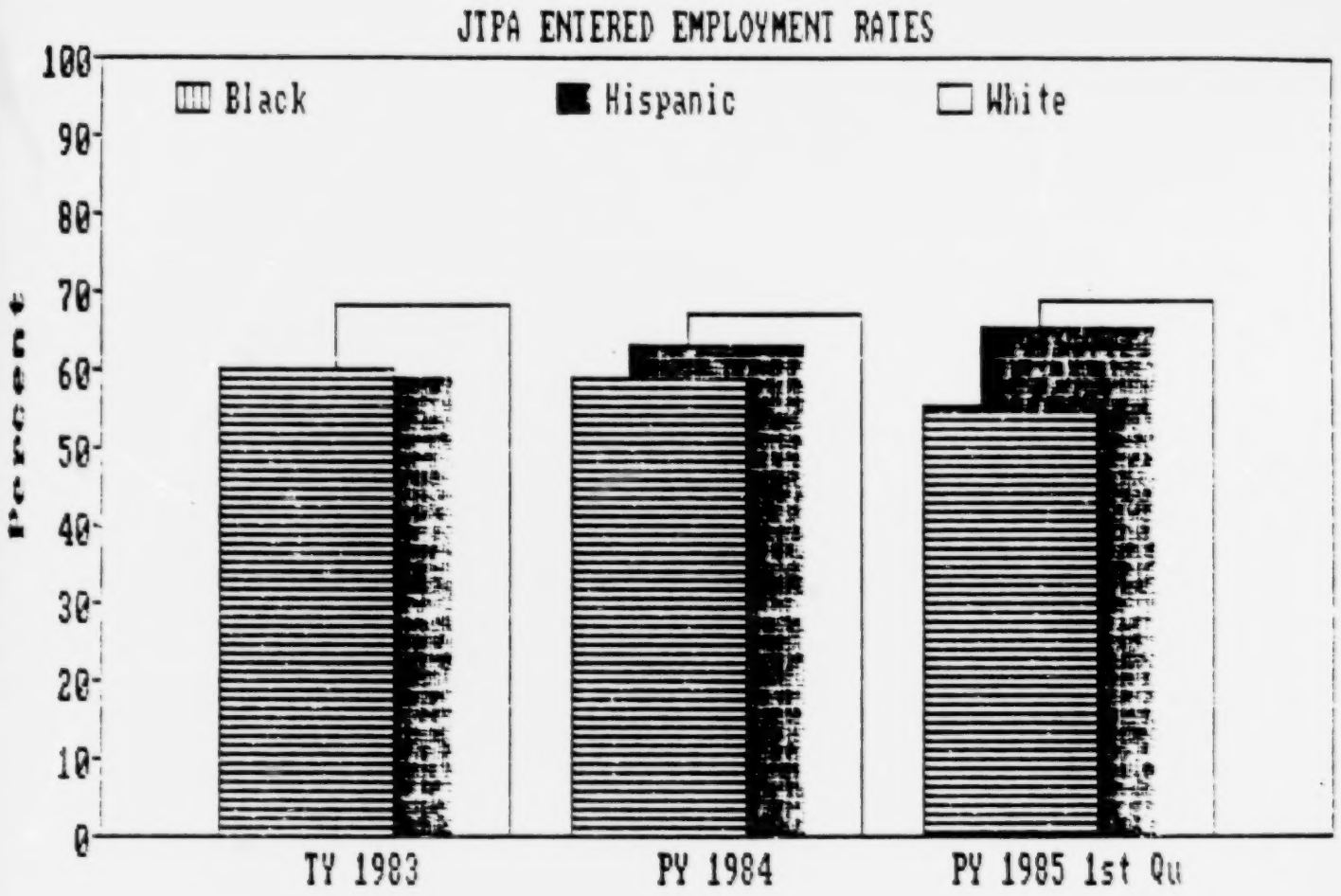
U.S. Department of Labor, Division of Performance Management and Evaluation, "Summary of JTLS Data for JTPA Title IIA & III Enrollments and Terminations During July - September 1985" (Washington, D.C., 1985)

FIGURE 17



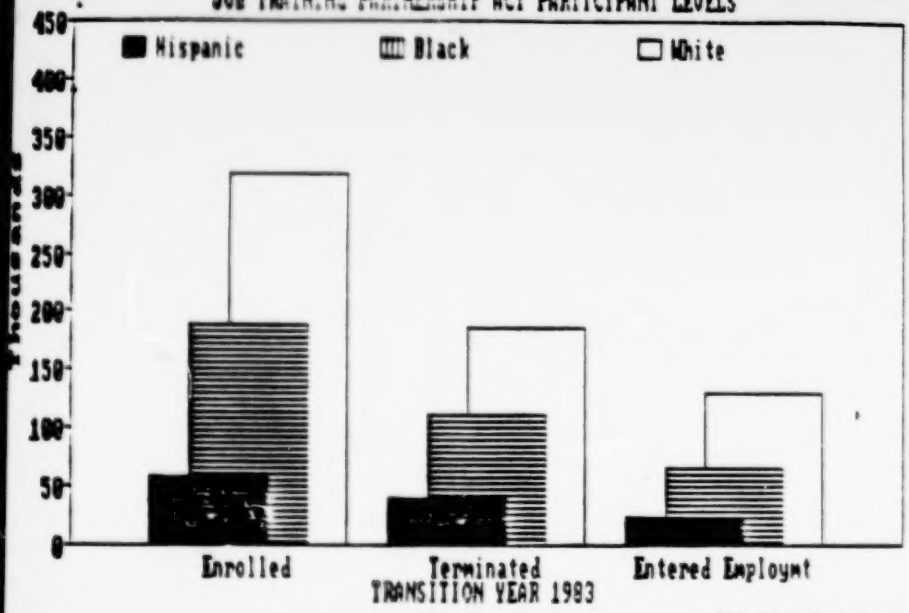
SOURCE: U.S. Department of Labor, Division of Performance Management

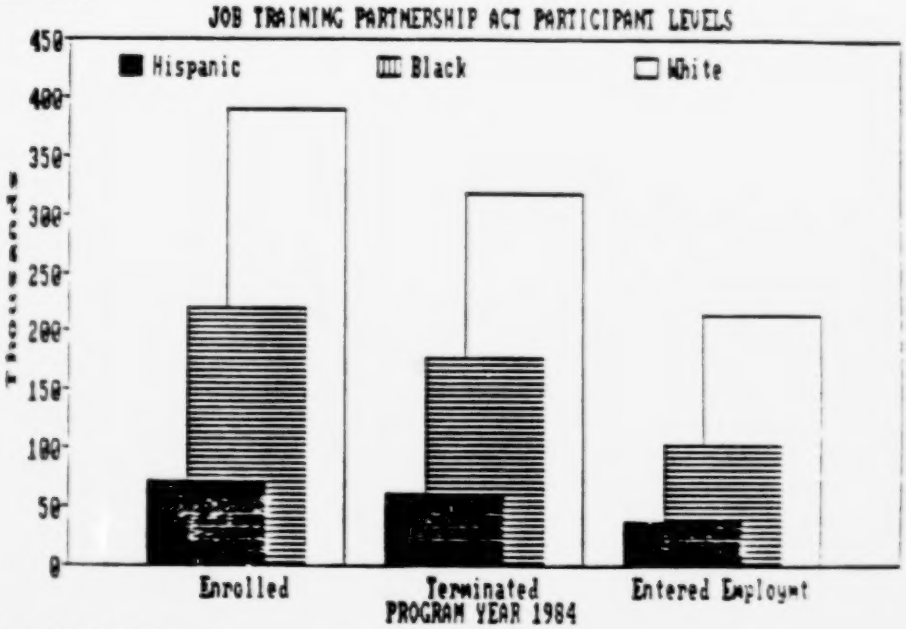
FIGURE 18

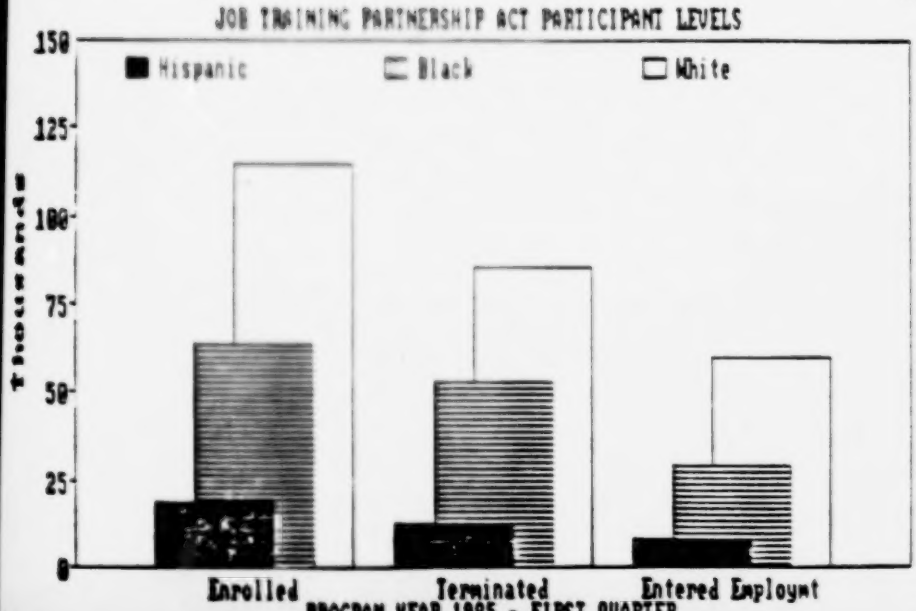


SOURCE: U.S. Department of Labor, Division of Performance Managment

FIGURE 19







SOURCE: U.S. Department of Labor, Div. of Performance Management

1. The estimated median length of stay in a JTPA program for Hispanic Title IIA participants is approximately 13% shorter than the overall median length of stay; and

2. Entered-employment rates for Hispanics tend to be slightly lower than for Whites, but higher than for Blacks; and

3. Hispanics receive, on the average, similar or slightly higher wages after placement than Whites, whereas Blacks receive the lowest wages.

JTPA includes very few federal requirements, but it does mandate SDAs to spend 40% of their funds on youth programs. Dropouts are also identified as a target group to be served equitably, taking into account their relative incidence in the JTPA-eligible population. Most SDAs are failing to meet these mandates. The Grinker-Walker report states that SDAs have experienced difficulty in attracting youth and have been implementing short-term, low-cost youth programs. The study found that only a small number of the field sites surveyed had spent 90% or more of their JTPA youth funds allocation, while a majority fell significantly short of meeting mandated expenditures for youth.

Shortfalls were also noted in the SDAs' performance with regard to service to dropouts; JTPA youth enrollees are far more likely to be high school graduates. The Grinker-Walker report indicated that a majority of the SDAs had no special programs or goals to meet the needs of dropouts and no "specific strategies for increasing the enrollment of dropouts."25 Hispanics have the highest dropout rate in the nation, and Hispanic females are more likely to drop out of school than Hispanic males or other groups of women. Hispanics also appear to drop out of school earlier than other groups. Given these conditions, inadequate services to dropouts "will have a disproportionate impact on the Hispanic community, and may negatively affect the capabilities of the nation's workforce for a whole generation."26

One group being served at rates proportional to the eligible population, and in fact being enthusiastically recruited, is welfare recipients. Given the restrictions on stipends and support services under JTPA, welfare recipients have a major advantage; they have "access to support services and financial assistance that complements the training JTPA has to offer."27

Although JTPA has received high marks during its initial implementation for achieving high placement rates at low costs and strengthening private-sector participation in employment efforts, many concerns are apparent. For example, the Grinker-Walker report states that "several local government representatives ...were concerned...that many of the placements resulted from the shortest-term services, such as job club and direct placement activities."28 These activities are designed to assist individuals to locate, apply for and/or obtain a job; they do not provide any job training and generally are geared toward the most job-ready. Such short-term efforts are less likely to produce lasting effects on the employability of the participants than longer-term investments in training activities. With regard to welfare recipients, the Grinker-Walker report cited one welfare official and PIC member who said:

> I'm afraid that welfare recipients are being funneled into job clubs and job search activities--services which provide no technical skills on which to build a long-term career.29

Thus, a major concern is that individuals placed in jobs by JTPA without increases in basic education or job skills may soon find themselves unemployed again.

V. POLICY IMPLICATIONS

A. Introduction

Polls indicate that employment is an issue of top priority for the Hispanic community. Productive employment is the proactive solution to many foreseeable problems. Unemployment causes social and economic damage, and studies have linked it with with more illness, higher payments for unemployment benefits and welfare payments, increased crime, and, ultimately, lower productivity and a diminishing tax base.30

The rapid population growth of the Hispanic community means that Hispanics will form a sizeable segment of the future U.S. labor force, accounting for an estimated 8-10% of the labor force by 1995. Despite high labor force participation rates and employment-population ratios, Hispanics experience severe unemployment and are occupationally segregated in low-paying jobs which are especially vulnerable to high unemployment.

Hispanics lack parity in many variables which determine labor market success, the most important of which is education. Education exerts the dominant influence on the occupational position of workers, which in turn, determines their employment and earnings levels and ultimately defines economic status. Since Hispanics are the least-educated population segment, improved educational attainment is a primary goal.

B. Education

Education is the single most important human capital characteristic in terms of its direct influence on future earnings. The "human capital" theory hypothesizes that the lower occupational placement of Hispanic workers reflects their smaller stock of human resources, such as education, to which the labor market responds favorably. Regression-based studies, however, show that even when such variables are equalized between White and Hispanic workers, Hispanics will still earn lower wages than Whites. This earnings discrepancy has been attributed to unmeasured factors including discrimination.

A study using data from the 1976 Survey of Income and Education and the 1970 Census found that Hispanics receive lower returns on education than Whites. For example, White men earned 6.1% more for each additional school grade completed, compared to 5.4% for Mexican American men, 3.6% for Puerto Rican men, 3.5% for Cuban men, and 4.9% for Black men.31

These findings are consistent with the results of a 1982 research project at the National Council of La Raza which analyzed data from the March 1981 Current Population Survey and found similar results for both male and female Hispanics. Hispanic women were worst off in this regard, earning only an additional $271.93 per year for each year of education received, while Hispanic males earned $524.84, White females $544.51, and White males $870.91.32

Because of their low educational attainment and the effects of discrimination, Hispanics are especially vulnerable to restrictive federal policies in education and employment and training. For example, attempts to reduce or eliminate bilingual education programs will negatively affect language-minority children, especially Hispanic children, who are already more likely to drop out of school and likely to leave at an earlier age than White or Black children. Reducing access to bilingual education will expedite rather than prevent this trend. The minimal federal support that adult literacy programs receive also negatively affects Hispanics, who have the highest rate of functional illiteracy of any group in the country. One major study found that 56% of adult Hispanics

are functionally illiterate, compared to 47% of Black adults and 16% of White adults, illustrating the need for increased and effective adult literacy programs, with particular emphasis on language-minority individuals.

Hispanics have often turned to the federal employment and training system as an alternative source for education. Hispanic enrollees in federal job training programs have often requested basic and remedial education as part of their training activities. Hispanic participation in classroom training under CETA during Fiscal Years 1976-79, for both men and women, exceeded that of Whites and Blacks. However, under JTPA, classroom training is short-term, includes little basic education, and has limited funding.

C. Training Programs Offered by JTPA

The restrictions imposed by JTPA have changed both the length and the types of programs offered. A recent General Accounting Office (GAO) report found that both SDA administrators and PIC representatives felt that they had to offer training programs that were shorter than they should be, due to JTPA's participant support limitations. Many SDA administrators reported reducing the length of classroom training from six to three months because without stipends, many participants could not afford to attend for the longer period.33

Both CETA and JTPA have included a wide variety of training programs, including classroom training, on-the-job training (OJT), and work experience. The GAO study found that under JTPA, participation in OJT has increased, whereas participation in work experience has decreased. The most common reason cited for using more OJT was that it is more likely to result in employment. The GAO study notes that between CETA Fiscal Year 1982 and JTPA Transitional Year 1984, occupational classroom training experienced a 16% decrease, other classroom training a 64% decrease, work experience a 66% decrease, and OJT a 214% increase.34

Other independent studies, including the Westat study prepared at the request of the Department of Labor, corroborate the findings of the GAO report. The National Alliance of Business estimated that 18% of the enrollees in JTPA were in OJT, compared to 13% under CETA during Fiscal Year 1982, while only 6% were in work experience, compared to 30% under CETA. Similarly, Westat estimated that slightly more than 20% of enrollees in JTPA were in OJT, compared to 15% in Fiscal Year 1979 and 19% in Fiscal Year 1980 under CETA. The Grinker-Walker study noted that OJT received a major increase in its share of overall funding in 72% of sample SDAs, with no site decreasing OJT.35

OJT is extremely popular with private-sector dominated PICs. Some PICs use OJT as a marketing tool to secure business support for the entire JTPA program, since it is reportedly viewed as a financial "windfall" because of its wage subsidies. In some SDAs, employers are allowed wide latitude to refer and select their own OJT participants.36 Unfortunately, this contributes to "creaming" of participants.

OJT meets two of the performance prerequisites of JTPA -- low costs and placement in unsubsidized employment. Placement rates vary substantially by JTPA program activity — from 43% for work experience to 77% for job search assistance and 78% for OJT.37 Thus, the shift from work experience to an emphasis on OJT and job search assistance helps improve JTPA program outcomes. However, as Figures 10 and 16 showed, Hispanics are less likely than Whites (but more likely than Blacks) to participate in OJT.

Classroom training, an activity often requested by Hispanic participants, has experienced a decrease under JTPA. The Westat study concludes that somewhere between 45 and 60% of Fiscal Year 1981 CETA participants were in classroom training, compared to 41 to 42% of JTPA enrollments through the third quarter of Program Year 1984. Enrollment data record not only the initial assignment for an enrollee, but also subsequent activities; such data "double count," thus they are not strictly comparable with participant data; the actual levels of JTPA enrollments in classroom training are probably lower than the 41 to 42% estimate. Classroom training is relatively less important under JTPA than under CETA.38

This is of special concern to Hispanics because of classroom training's dual nature. Under CETA, it typically included both occupational skills training in a classroom setting and basic education. However, Westat found that while 40% of all new enrollees during Transition Year 1984 entered classroom training, over 80% were receiving skills training without basic education.39 Westat also noted that much of the JTPA classroom skill training has entry requirements such as a certain level of reading and math ability, a high school degree or GED, or a driver's license.40 These entry requirements restrict Hispanic enrollment. A majority of adult Hispanics may be functionally illiterate, and thus are unable to meet reading or math ability prerequisites. Hispanics have the highest proportion of high school dropouts of any major population group, and even those with basic literacy skills may lack a high school degree or GED. Similarly, the requirement of a driver's license assumes ownership of or access to a car, an economic investment which many disadvantaged individuals cannot afford.

In Phase III of its study, Westat found that basic educational training was not offered in 13 out of 40 of its survey SDAs, and where it was offered, basic education generally accounted for less than 20% of all enrollments. Thus, basic education is a small part of the training activities of most SDAs.41 Enrollees in basic education were found to be improving basic educational skills or working toward the GED, or were non-native English speakers learning English42 -- such individuals are disproportionately found within the Hispanic community. The decrease in basic and remedial education programs, which are often necessary for Hispanics before they can meet the entry requirements for most OJT jobs, will restrict the opportunities for disadvantaged and low-skilled individuals to participate in training for higher-paying jobs.

JTPA enrollment data, moreover, show that JTPA is serving a better educated clientele than the eligible population, as the following figure indicates:

JTPA ENROLLMENT DATA COMPARED
WITH ELIGIBLE POPULATION
(Program Year 1984)
(Percent)

EDUCATION	JTPA ELIGIBLES*	PROGRAM YEAR 1984 ENROLLEES
Less than high school	52%	40%
High school or more	48%	60%

* JTPA eligible data based on March 1984 Current Population Survey.

SOURCE: Job Training Longitudinal Survey, Department of Labor, November 1985

Analysis of the available information on JTPA leads to the following question: Are current federal employment and training policies and programs responsive to the needs of the Hispanic work force, a young and growing population group severely hindered by educational deficiencies which negatively affect its labor market success? The JTPA de-emphasis of basic education, its use of entry requirements which exclude many Hispanics, and its underserving of youth and dropouts all indicate that the present employment and training system does not meet the training needs of Hispanics.

Independent studies and the present administration praise JTPA for its positive results in the following areas:

- Attainment of job placement goals;
- Minimal costs;
- High participation of welfare recipients; and
- Strengthened partnership between local elected officials and the private industry councils (PICs).

These results reflect merely a basic compliance with JTPA requirements. Of far greater concern to Hispanics are the lack of positive results in the attainment of services to targeted populations, such as minorities, women, youth, and dropouts. Moreover, the areas in which JTPA has been relatively successful must be carefully analyzed in order to reveal the hidden costs.

Regarding the attainment of placement goals, JTPA's placement figures lack uniformity. A comprehensive federally regulated management information system (MIS) does not exist for JTPA, and there is variation from state to state regarding the definitions placement in unsubsidized employment. Some states and SDAs have begun to tighten up their definitions of placement. For example, some states exclude temporary, part-time, or short-term jobs. For placement credit, some states or SDAs require retention in jobs for periods varying from as few as 10 days to as many as 160. These differences are very important in any effort to interpret JTPA's placement statistics.43

Another JTPA characteristic, minimal-cost programs, is a result of JTPA's minimal funding. Faced with a choice of serving greater numbers of participants at lower costs or smaller numbers at higher costs, JTPA operators opt for the first choice. The dark side of cost-cutting measures is short-term, low-cost training which is typically aimed at clients with little need for basic education and training. Consequently, the financial constraints imposed by JTPA have made "creaming" — the process of selecting the least-disadvantaged individuals because they are least expensive to train and easiest to place — a common occurence in the delivery of employment and training services. With low levels of educational achievement, Hispanics are often victims of "creaming."

Regarding another program result, high participation of welfare recipients in JTPA, administrators have no choice but to seek them as clients. A reduction in welfare dependency is mandated in the Act, in Section 106(b)(1), and furthermore, welfare recipients are specifically identified as JTPA beneficiaries by Section 203(a)(3). Moreover, welfare recipients are the one group of JTPA eligibles with access to support services and financial assistance which cannot be

provided by JTPA, so SDAs have actively worked to establish effective coordination with public agencies to ensure an adequate flow of welfare recipients for JTPA programs.

With regard to the strengthened partnership between local elected officials and the PICs, this is not a surprising result since JTPA mandates that a majority of the PIC shall be composed of members from the private sector [Section 102(a)(1)]. During the last years of CETA, a special program (Title VII) was established to increase private-sector involvement, and such involvement has expanded under JTPA to include policy-making functions. One of the concerns of Hispanics about JTPA is that the increase in private-sector involvement has unfortunately been accompanied by a decrease in involvement of Hispanic community-based organizations, as either PIC members or contractors. Because such non-profit groups have been especially effective in recruiting and serving truly disadvantaged Hispanics with serious obstacles to employment, their decreased role has contributed to the limited participation of Hispanics in JTPA.

D. Conclusion

Hispanics constitute a large pool of potentially productive workers. Projections by the Census Bureau indicate that by 1992 there will be only three workers to provide Social Security funds for each retiree, compared to 17 in 1952; and one of the three workers will be a member of a minority group. With the high growth rates of the Hispanic community, Hispanics will form a sizeable proportion of the U.S. labor force of the future. However, the youth and educational deficiencies of Hispanics pose especially intractable problems, suggesting that hard-core Hispanic unemployment and poverty will endure into the future, unless appropriate action is taken now to prevent this.

Responsive policies from the federal government, policies which recognize and effectively address the educational crisis faced by Hispanics, are crucial if Hispanics are to become productive workers. Education plays a major role in determining occupational placement and earning levels, which in turn largely determine economic status. Hispanics earn the lowest wages of all major groups, primarily because they are concentrated in industries and occupations which are low-skill, low-paid and vulnerable to frequent spells of unemployment. In addition, research has shown that even when Hispanics are equally educated, trained, work the same number of hours, etc., ethnicity alone appears to account for 14% of the wage differences between White and Hispanic males and 29% of the total difference in earning power between White males and Hispanic females. This wage discrepancy, which is partly attributed to sex and ethnic-based discrimination, must be eliminated by policies such as equal employment and pay equity.

Federal employment and training policies must also address the issue of hard-core structural unemployment -- that unemployment level which never disappears despite the progress made during an economic recovery. The burden of hard-core structural unemployment is borne primarily by disadvantaged individuals who lack the long-term job skills, work experience, and educational preparation necessary to meet the demands of a changing economy. An untrained and underemployed labor force is forced to rely on public assistance and sporadic employment, and diminishes the tax base necessary for the support of many domestic programs. Consequently, the nation's primary federal employment and training legislation, the Job Training Partnership Act, must be adequately funded and structured in order to address the differing needs of various segments of the labor force including minorities, youth, dropouts, disadvantaged adults, dislocated workers, limited-English proficient persons, and women.

To enable Hispanics and other minority groups to make their full contribution in the future — and to assure a trained work force which can meet the future demands of the U.S. economy -- human investment partnerships must develop which include the public, private, and community sectors. Hispanics in the work force are a critical human resource, whose reservoirs must be tapped to maximize U.S. labor force participation and productivity potential. This investment should be made now in order to reap societal benefits and protect the nation's economic security in the next century.

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